

THEORY AND PRACTICE
OF
COMMERCE

EDITED BY
R. HELLIS, F.C.I.S.

6/- NET

BIBLIOTECA

UNIVERSITÀ DI TORINO

730

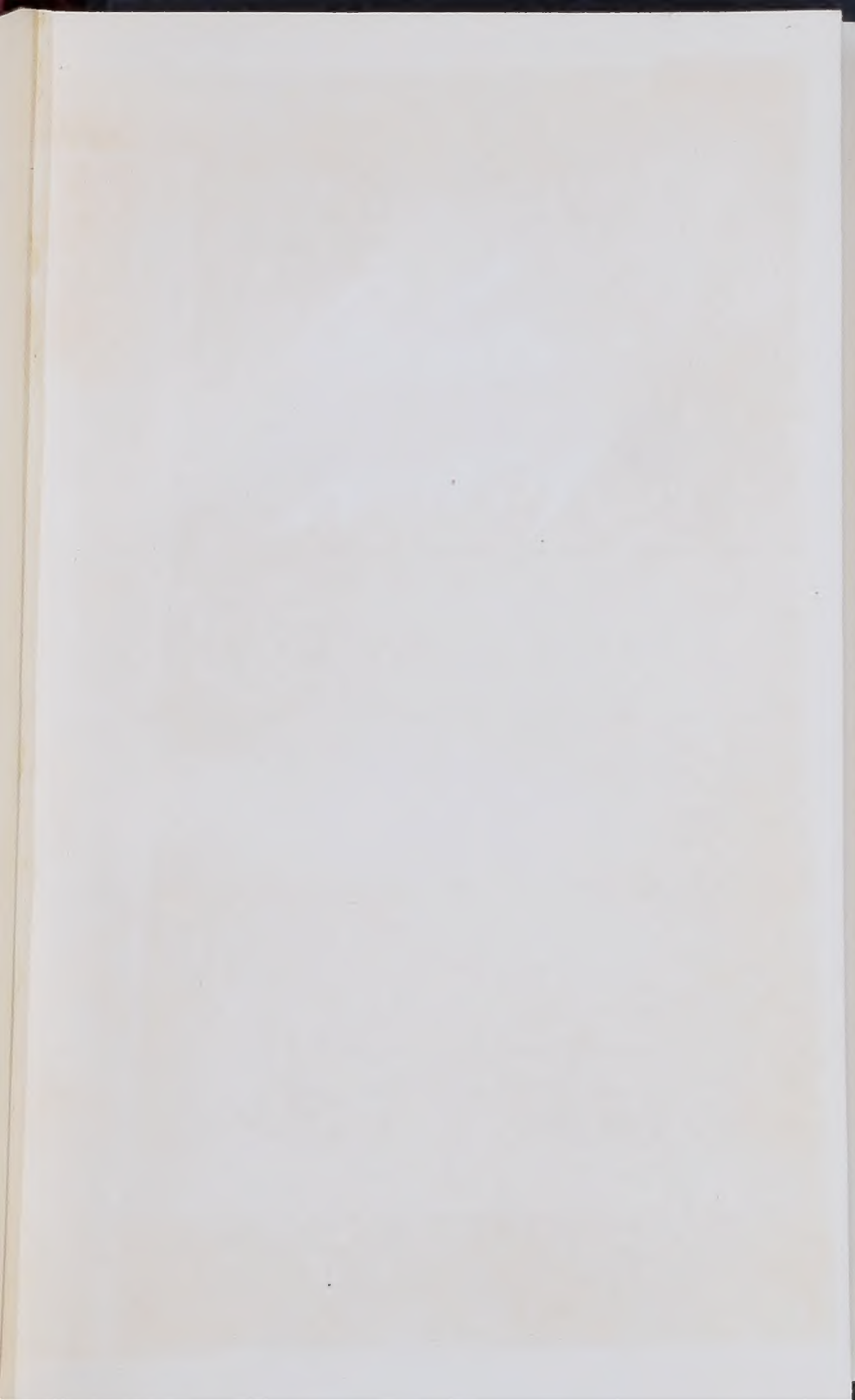
FACOLTÀ DI ECONOMIA

G. Lato

18. IV. 19

B I

UNIVERSITÀ DI TORINO





UNIVERSITÀ DI TORINO

PITMAN'S
THEORY AND PRACTICE
OF COMMERCE

FROM THE SAME PUBLISHERS

PITMAN'S COMMERCIAL LAW OF ENGLAND. By J. A. SLATER, B.A., LL.B. (Lond.). Fourth Edition. In crown 8vo, cloth, 227 pp., 2s. 6d. net.

PITMAN'S MANUAL OF COMMERCIAL ENGLISH. Including Composition and Précis Writing. A Handbook covering all the requirements of students of English for commercial purposes. Adapted for use in class, or for private study. By WALTER SHAWCROSS, B.A. In crown 8vo, cloth gilt, 234 pp., 2s. 6d. net.

MONEY, EXCHANGE, AND BANKING. In their Practical, Theoretical, and Legal Aspects. Second Edition, Revised. By H. T. EASTON. In demy 8vo, cloth gilt, 312 pp., 5s. net.

THE ELEMENTS OF INSURANCE. By J. ALFRED EKE. This work presents in a brief form a vast amount of information with regard to the principles and practice of the important business of insurance. Workmen's compensation insurance is fully dealt with, and the book also treats of baggage insurance, bad debt insurance, live-stock insurance, stock insurance, etc., etc. There are chapters on carriage insurance, burglary insurance, marine, fire, and life insurance, with full explanations of the various kinds of policies, and in many cases reproductions of the documents. In crown 8vo, cloth, 1s. 3d. net.

THE MONEY, AND THE STOCK AND SHARE MARKETS. By EMIL DAVIES. The idea of the author of this volume is not so much to give information to experts, but rather to assist the uninitiated in the somewhat complicated subjects of stock and share transactions. The author has for many years been actively engaged in the higher branches of finance, and makes the present primer as comprehensive and practical a work as possible. In crown 8vo, cloth, 1s. 3d. net.

THE TRADER'S GUIDE TO COUNTY COURT PROCEDURE. By F. H. B. CHAPMAN. In foolscap 8vo, cloth, 1s. 6d. net.

For further particulars of Pitman's Handbooks for advanced Students and Business men, write for catalogue of Commercial publications (B).

PITMAN'S THEORY AND PRACTICE OF COMMERCE

A COMPLETE GUIDE TO METHODS
AND MACHINERY OF BUSINESS

EDITED BY

F. HEELIS, F.C.I.S.

AUTHOR OF "HOW TO TEACH BUSINESS TRAINING," "QUESTIONS
AND ANSWERS IN BUSINESS TRAINING," ETC. EXAMINER
IN BUSINESS TRAINING TO THE LANCASHIRE
AND CHESHIRE UNION OF INSTITUTES

ASSISTED BY SPECIALIST CONTRIBUTORS

COMPLETE EDITION

LONDON

SIR ISAAC PITMAN & SONS, LTD., 1 AMEN CORNER, E.C.4
BATH, NEW YORK AND MELBOURNE

INVENTARIO

N. 1FP 228P

PRINTED BY SIR ISAAC PITMAN
& SONS, LTD., LONDON, BATH,
NEW YORK AND MELBOURNE

PREFACE

THE demand for specialised knowledge in all branches of commercial life is every day becoming more insistent. Whilst a smattering of knowledge of many subjects may, under conceivable circumstances, be found useful, one who has taken pains to study the higher branches of his business or profession will, other things being equal, achieve the best results. What was good enough for the last generation will not suffice for this.

The standard of efficiency is being raised, and greater demands are being made upon the knowledge and capacity of aspirants to success. Hence the call for text-books which are thoroughly practical and which provide concise and lucid expositions of the basic principles involved in the complex problems with which the modern business man has to deal.

It is idle to expect to find, in one personality, the wide knowledge and extended experience requisite before one can be regarded as an authority on the various branches of commerce dealt with in this volume. Realising this, the editor has secured the assistance of experts, each of whom has treated his subject in accordance with a carefully prepared synopsis.

It is confidently believed that "The Theory and Practice of Commerce" will prove invaluable to students preparing for the examinations in Commercial Correspondence, Business Training, and Methods and Machinery of Business, conducted by the Royal Society of Arts, the Lancashire and Cheshire Union of Institutes, West Riding County Council, Midland Union of Educational Institutes, and the London Chamber of Commerce.



CONTENTS

CHAP.	PAGE
PREFACE	v
INTRODUCTION	ix
I. CORRESPONDENCE, COMMERCIAL FORMS, ETC.	1
II. COMMERCIAL CORRESPONDENCE (CONTINUED)	23
III. DRAFTING CIRCULARS, DRAWING UP REPORTS, PRÉCIS WRITING	31
IV. FILING AND INDEXING OF CORRESPONDENCE	43
V. DUPLICATING—ADVERTISING—CATALOGUING— CORRECTING PROOFS, ETC.	54
VI. PARTNERSHIPS—COMPANIES	67
VII. AGENTS—BROKERS—MARKETS—CORNERS—TRUSTS— POOLS—FUTURES—OPTIONS	80
VIII. OPENING BUSINESS	87
IX. SALES AND PURCHASES	98
X. INVOICING	117
XI. RAILWAYS AND CANALS	127
XII. DESPATCH OF GOODS	139
XIII. MONEY	154
XIV. BANKS AND BANKING	164
XV. CHEQUES AND BILLS OF EXCHANGE	174
XVI. LIFE ASSURANCE	207
XVII. FIRE INSURANCE, ACCIDENT INSURANCE, ETC.	224
XVIII. THE STOCK EXCHANGE	247

CHAP.	PAGE
XIX. INSOLVENCY AND BANKRUPTCY PRACTICE	280
XX. COUNTY COURT PROCEDURE	294
XXI. INTERNATIONAL TRADE	321
XXII. THE BOARD OF TRADE—CHAMBERS OF COMMERCE— CONSULS	329
XXIII. MONEY MARKET—BANK OF ENGLAND—FOREIGN EXCHANGES	347
XXIV. IMPORTS—CUSTOMS FORMALITIES	370
XXV. SHIP'S REPORTS, PAPERS, ETC.	398
XXVI. MARINE INSURANCE	409
XXVII. TELEGRAPHING AND CABLING	464
XXVIII. CHANNELS OF COMMERCE	473
XXIX. EXPORTING	483
XXX. THE METRIC SYSTEM	523
XXXI. BRITISH AND FOREIGN WEIGHTS AND MEASURES	530
XXXII. COINAGE AND MONEYS OF THE WORLD	538
COMMERCIAL TERMS, PHRASES, AND ABBREVIATIONS	550
APPENDIX. POSTAL INFORMATION	<i>end of book</i>
„ STATISTICS OF TRADE	„ „
INDEX	„ „

INTRODUCTION

CLASSIFICATION OF OCCUPATIONS

THE first fact which needs to be borne in mind in considering the activities of a modern community like Great Britain, is, that its people are to-day living under conditions of civilisation which have had no parallel, as far as can be ascertained, until the last few generations. The inhabitants of modern Britain have apparently very little in common with their forefathers of a century ago, but are a type of whom it is true to say that they are very new in the world. This does not apply simply to Great Britain, but the same truth holds good with regard to all civilised nations of modern times. The conditions of life in a modern manufacturing town are something which is not reproduced in any period of the world's history until the last century and a half. Our industrial conditions are unique and peculiar. If we look at the England of the eighteenth century we find that it was chiefly agricultural, and the great proportion of the population earned its livelihood in occupations directly connected with the land. Even those who were then engaged in manufactures often spent a large part of their time in agriculture. There can be no greater contrast between the conditions of life then and those of the present time. To-day Britain is a nation remarkable among the nations of the world, because of its urbanised population. According to the Census of 1911, the population of Great Britain amounted to nearly 50,000,000, the greater part of which was concentrated in towns, as contrasted with 7,000,000 two centuries ago, when there was scarcely any Factory System, and when the people were largely engaged in the occupations of the field.

The secret of this great change is to be summed up in one word—viz.—machinery. The present age is one of machine production. During the period of the Industrial Revolution which began in the middle of the eighteenth century, this country witnessed a series of inventions in machinery which were far the most wonderful that the world had ever seen—inventions in manufacturing processes, in means of communication and in many other departments of

industry. A good illustration of the state of communications less than a century ago is the well-known story of Sir Robert Peel. In the early forties of the nineteenth century he was spending his winter in Rome, and suddenly, without warning, he was summoned home to be Prime Minister of England. He travelled from Rome to London just as fast as human means could take him, and yet it took him as long as it had taken Constantine the Great centuries ago, when he had been summoned to be the Emperor. This means that during all the intervening centuries the means of communicating had remained almost stationary, and the development in this one branch during the last eighty years has been far greater than in all the previous stages of the world's industry taken together. The development in all other mechanical processes has not lagged behind the means of communication; and there has been a concentration of population on the coalfields together with rapid development of the principle of the division of labour and a consequent increase in the number and variety of occupations.

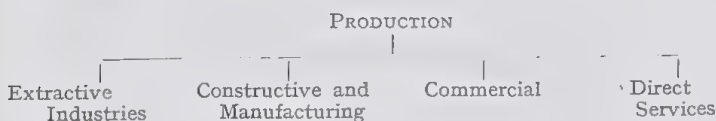
Perhaps the most convenient way of regarding the occupations and the people, is to connect them with the various types of industry which exist in a civilised community. In this manner all industrial occupations may be grouped under four great divisions—the extractive, constructive and manufacturing, the commercial, and those engaged in the performance of direct services. Each of these branches is engaged in production.

PRODUCTION.—The aim of production is to add to those things or commodities which are scarce and to make the supply of goods as large as possible. As a department of Business Science, production is an enquiry into the means by which materials or services can be so altered as to cause them to increase in value and so be desired by consumers. In the strictest sense "production" means to produce in a market, and a producer is therefore any person who offers a commodity for sale. The labourer, for instance, produces his services, the capitalist produces his loan, and the employer produces the goods which he sends to market. Again, the retail dealer buys large quantities of goods and produces the same goods in smaller parcels, to suit the needs of his customers. The total wealth of the community is divided among those classes who have helped to produce it and who have a claim for a share in it. There are two such classes of persons—

- (1) Those who have been directly engaged in producing the wealth ; such as the labourers.
- (2) Those persons who are fortunate in possessing some of the agents of production ; such as the capitalist who receives his share in the form of interest.

The sum-total of wealth or national dividend, as it is called, that is annually produced in the United Kingdom is estimated at £2,000,000,000 sterling. This means that if the rent of every landlord, the profits of every employer, the interest paid to every capitalist, and the money value of the paid labour were all added together, the total would amount to this sum. With a population of nearly 50,000,000 this gives an average individual income of between £40 and £50 per annum. If a household of four or five persons be taken, it gives a family income of about £200 a year. This compares very favourably with a country like India where the annual average income per person is estimated at £2, and the family income at £10 per annum. No country before the age of steam production could show anything like these figures.

BRANCHES OF PRODUCTION.—To produce this huge sum of wealth there is required an infinite variety of labourers, all of whom are endeavouring to increase the values of materials or of services. For the sake of convenience these may be divided into the following four classes, according to the nature of the industries in which they are engaged.



EXTRACTIVE INDUSTRIES.—These relate to the raising from the soil, or obtaining from beneath the earth's surface, various forms of wealth. The extractive occupations are essentially local in character, being largely controlled by climatic conditions. Under this heading would come all such industries as Mining, Agriculture, Forestry and Fishing.

MANUFACTURING AND CONSTRUCTIVE.—This group of occupations is devoted to the working up of the raw materials from the extractive industries, into finished products. Manufacturing increases

the value of a commodity by changing its form, and this increased value is chiefly due to the addition of labour, capital and organisation. This process begins immediately the raw materials enter the factory or workshop, and ends with the completion of the factory processes. Its function is therefore distinct from that of the purchase of the raw material or the distribution of the finished product. Among the more important branches of the manufacturing and constructive industries are Textiles, Engineering, Building, Hardware, and Chemicals. These industries differ from those of the extractive in two important respects—

(1) They are less directly influenced by nature.

(2) They are characterised by greater specialisation of processes.

COMMERCIAL OR DISTRIBUTIVE.—This group includes all those callings which are concerned with the transfer of the raw materials from the producer to the manufacturer, and of the finished product from the manufacturer to the consumer. It consists of all those persons who are engaged in the distribution of goods, such as railway porters, merchants, brokers, retailers, etc. The exact organisation of this branch of industry will be determined in the first place by the relationship existing between the producer of the raw materials and the manufacturer, and in the second place by the relationship existing between the manufacturer and consumer. If the goods pass directly from the manufacturer to the consumer through retail stores, as is often the case in a local market, the commercial processes are correspondingly simplified. On the other hand, if they are sent to distant markets, a greater amount of capital and a more complex organisation will be required.

PERFORMANCE OF DIRECT SERVICES.—This group includes those persons who are engaged in giving their services, and who are not concerned with the production or distribution of material commodities. Among such occupations are Doctors, Teachers, Sailors, Soldiers, etc., and all those callings which are not included in the Extractive, Constructive or Commercial groups of industry.

Each of these groups of industries is closely connected with the other, although sections of one branch are more important at one period of history than at another. For instance, at the beginning of the eighteenth century England was more concerned with the extractive industries in the form of agriculture than with manufactures, whilst to-day she is more concerned with the application

STATISTICS ILLUSTRATING THE PROGRESS OF PRODUCTION IN THE UNITED KINGDOM

(Annual averages in quinquennial periods)

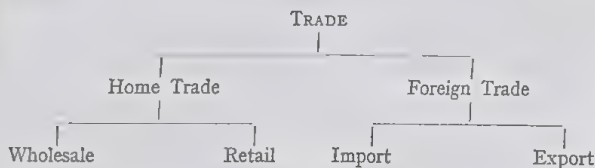
	1855-9	60-4	65-9	70-4	75-9	80-4	85-9	90-4	95-9	1900-4	05-09	
Wheat	—	—	102	94	88	78	74	65	58	51	59	million bushels
Oats .	—	—	—	—	—	—	160	173	168	172	176	" "
Potatoes	—	—	—	—	—	—	63	55	59	58	65	hundred thousand tons
Cattle	—	—	90	97	99	100	106	111	110	115	117	" "
Sheep .	—	—	34	33	33	29	29	32	31	30	30	millions
Horses	—	—	—	176	189	191	193	205	207	204	210	tens of thousands
Fish Landed	—	—	—	—	—	—	12	13	15	17	22	million cwt.
Coal .	65	85	103	121	133	156	165	180	202	227	256	million tons produced
Pig Iron	3.5	4.1	4.9	6.4	6.4	8.1	7.7	7.3	8.6	8.6	9.7	" "
Ships Built	224	307	377	464	436	669	516	736	770	904	895	thousand tons (excluding navy)
Cotton	7.9	6.5	8.0	10.7	10.9	12.9	13.1	14.2	15.0	14.3	16.8	million cwt. consumed
Wool	262	311	373	454	477	497	539	623	685	659	754	million lbs. consumed
Railways	71	97	135	179	207	253	272	308	371	434	492	million tons carried
Docks .	18	22	28	36	42	53	57	63	73	84	96	millions. Tonnage entered
Population	28.3	29.1	30.3	31.8	33.5	35.2	36.6	38.1	40.0	41.9	43.7	[and cleared millions]

of labour to the products from the extractive industries, *i.e.*, with manufactures. The changes which have taken place in the relative importance of different industries during the last sixty years may be seen from a study of the table shown on page xiii.

DIVISIONS OF TRADE.—In a highly civilised country like Great Britain, the trade in every commodity in considerable demand, such as corn, sugar, tea, timber, etc., affords employment for a separate class of traders; but for all purposes of general enquiry it is sufficient to consider trade under two main headings, *viz.*—

- (1) The Home Trade or that carried on between individuals of the same country.
- (2) The Foreign Trade or that carried on between individuals of different countries.

The Home Trade may be further divided into “Wholesale” and “Retail,” whilst the Foreign Trade may be considered from the point of view of “Imports” and of “Exports.” The various departments of Trade may be represented diagrammatically as follows—



HOME TRADE.—The divisions of the Home Trade, like those in other employments, have grown out of a sense of their utility. The wholesale merchants buy the goods at first hand from the producers; but instead of disposing of them to the consumers, they generally sell them to the retailers or shop-keepers, by whom they are retailed or distributed to the public in small quantities and in such a way as is most suitable for them. The interests of all parties are consulted by this division. If the wholesale dealers attempted to retail their goods, they could not give that undivided attention to every part of their business which is so necessary to insure its success. A retailer should be constantly at his shop; not merely to attend to the orders daily sent him, but that he may learn all that may happen with respect to the wants of his customers. Wholesale dealers, however, being obliged to attend to what is taking place in different and distant quarters, cannot give this

minute attention to what happens in their immediate vicinity ; and even if they could, the capital required to carry on a wholesale business would not be sufficient for that purpose were the business of retailing joined to it. Were there only one class of merchant the capital and the number of persons employed in commercial undertakings would probably be not less than at present, but the merchant being obliged to apply himself principally to one department would have to leave to assistants the chief share of the other,—a change which would be accompanied by the risk consequent upon the entrusting of one's own business to others. There can, therefore, be no doubt that the separation between the retail and the wholesale dealings has been highly advantageous.

FOREIGN TRADE.—The trade carried on between individuals of different countries is founded on precisely the same circumstances—the differences of soil, climate and productions—on which is founded the trade between different districts in the same country. One country, like one district, is peculiarly suited for the growth of corn ; another for the cultivation of the grape ; a third abounds in minerals ; a fourth in inexhaustible forests. Nature, by thus distributing in different countries the various articles suitable for the accommodation of man, has evidently provided for their mutual intercourse. In this respect indeed, foreign trade is of far more importance than the home trade. There is infinitely less difference between the products of various districts of the same country than there is between the products of different and distant countries, and the establishment of a territorial division of labour amongst the latter must therefore be proportionately advantageous.

The actual values of the various articles of Import and Export into the United Kingdom naturally vary from year to year, especially in the case of crops, such as wheat, which come from countries of uncertain climatic conditions.

It will be seen from the figures which are given in the tables on page xvi that most of the imports consist of food-stuffs and of raw materials for manufacture, while the exports are chiefly manufactured articles.

DIVISIONS OF COMMERCE.—It has been seen that the whole field of economic activity can be divided into four great industrial groups—the extractive, the constructive and manufacturing, the commercial and the direct services. In these pages we are chiefly

concerned with the third of these divisions, viz.—Commercial. It will, therefore, be necessary to examine more closely into the scope of commerce.

AVERAGE ANNUAL IMPORTS

In Million Pounds Sterling

Class.	Million £.
I. Food, drink and tobacco.. .. .	290
II. Raw materials and articles mainly unmanufactured	282
III. Articles wholly or mainly manufactured	193
IV. Miscellaneous and unclassified	3
	768

AVERAGE ANNUAL EXPORTS

(Produce and Manufactures of the United Kingdom)

	Million £.
I. Food, drink and tobacco.. .. .	32
II. Raw materials and articles mainly unmanufactured	70
III. Articles wholly or mainly manufactured	412
IV. Miscellaneous and unclassified	11
Total value of exports ..	525

In a civilised community it is inconvenient for the producer or manufacturer to seek the markets for his own commodities, since he is sufficiently employed in looking after the workshop and the production of the goods. As a natural consequence, a class of persons has arisen who employ their time and skill in the distribution of the goods. This business of distribution is called Commerce. It includes not merely the buying and selling of goods, but also their transport, methods of financing and insurance. Thus modern commerce may, for convenience, be divided into four main branches—Trade, Transport, Banking and Finance, and Insurance.

TRADE.—The chief function of the trader is to organise the market and to establish a meeting place for the seller and the consumer. Trade, therefore, includes a great variety of occupations which are concerned with the distribution of the raw materials of production and the finished output of the factory. The trading class are engaged in distributing the various kinds of goods among the consumers, and by so doing they render more valuable the commodities which are exchanged. The trader in his function

of buying and selling commodities is dependent upon transport facilities for the carriage of his goods ; upon the banker for his capital and for the financing of his operations ; lastly, he is always liable to loss of some kind against which, to safeguard himself, he utilises the services of insurance.

TRANSPORT.—This is the carriage of the goods from the place of production to the place of consumption, or from the place of production to the place of distribution, and again to the place of consumption. Thus in the case of fruit, it is carried to Covent Garden which can be called the first place of distribution, then it is carried to the local shop which is the second place of distribution, and then it is conveyed to the consumer. The chief functions of transport are—

- (1) To enable production to be carried on at the most favourable points.
- (2) To facilitate the conveyance of raw materials at a sufficiently low cost and with rapidity, thus rendering possible division of labour.
- (3) To enable shortages in the local supply of one article to be made good by the importation of goods from abroad. It, therefore, helps to destroy famine.
- (4) To open up the undeveloped areas of the earth and thus bring them under cultivation.

BANKING AND FINANCE.—In order that trade may be promoted there must be some mechanism by means of which commodities may be enabled to pass from hand to hand, and thus facilitate exchanges to the greatest extent. This mechanism is provided in an efficient system of banking. A bank is an institution which deals in money and credit. It receives deposits ; pays them out again on receiving instructions from its customers ; sells drafts or orders for money on its correspondents in other places ; lends out money at interest, and discounts Notes and Bills of Exchange. It is the business of the modern banker to know whom to trust, and it is through his agency that capital is withdrawn from trades that are less, and placed in those that are more, productive. Hence, besides enabling the functions of credit to be performed on a large scale, a good banking system also helps to increase the efficiency with which trade is conducted.

INSURANCE.—In each section of commercial life—the conduct

of trade, banking, and transportation—there is always the possibility of losses being incurred by accidents, fire, shipwreck, or in some other way. With the growth of business knowledge and experience, it has become possible to put many of these risks upon an actuarial basis, and to indemnify the loser by means of a system of insurance. This may be defined as a contract, by which a person, in consideration of a lump sum of money, or of a periodical payment, undertakes to pay to another a larger sum on the happening of a particular event. The thing or event insured against is known as the risk or peril; the person named in the policy to whom the amount therein is to be paid is known as the beneficiary; and the written or printed form to which the contract has been reduced is known as the policy. The most common forms of policy are those connected with Life Assurance, Fire and Marine Insurance, to which may be added Accident, Burglary and Fidelity Guarantee Insurance. Each of these will be dealt with later on in this book.

AGENTS OF PRODUCTION.—The factors or agents of production are the various forces of nature and of man which combine to produce a commodity. The most essential of these are land, labour, capital, and organisation. The word "land" is used to denote the part played in production by Nature, and is thus wider than the popular use of the term. Thus it would include a waterfall or a river. Perhaps the most essential agent of production is labour, *i.e.*, the need for the application of effort to the land before any commodity can be produced. Thus in order that a group of human beings may produce "wealth" there must be willingness to work for the goods, or in other words, they must put forth exertion which is known as labour. In the second place, there must be a portion of the earth's surface upon which the productive operations can take place, which is known as "land"; in the third place there must be what is known as capital, *i.e.*, something to work upon such as raw materials, and something to work with such as tools, as well as something to keep the workers alive whilst they are awaiting the results of their labour. Finally, there is need for someone to organise these first three agents of production, and this is known as organisation or enterprise. The total wealth produced annually, or national dividend as it is called, is divided among those classes who have helped to produce it and who have a claim for a share in it.

Although it may be convenient to speak of land, labour, capital and organisation as distinct factors contributed by entirely different sources, in practice there is scarcely a capitalist class distinct from other classes. The capital used in business is provided by those who have capital to use, and like every other form of wealth, it is only able to obtain for its services what others are willing to give it. In the long run, therefore, it will not get more or less than its due share of the product having regard to what it does in exchange for it.

CAPITAL.—Probably no term has given rise to greater controversy than the definition of the word "capital," and this is rendered the more difficult owing to the fact that its meaning in business is not always identical with that given to it by economists. It can be defined in several ways according to the scope of our investigation. Originally, the term was applied to the principal in a loan of money, as distinct from the interest. It was afterwards applied not only to money, but to any property which yielded an income to its possessor. In a still wider sense, the essential character of capital has been taken to be its productiveness, since the revenue derived from the possession of capital must come from the increase of the product of industry. The true functions of capital in an economic sense are to assist the labourer with tools, shelter and materials, and to enable the capitalist to accumulate a stock of goods which he can dispose of when it is most convenient to him. Judged in this light, it will be seen that the function of capital is not to maintain the labourer; in short, the wages of labour are not paid out of capital, but are derived from the product which the worker has himself been engaged in producing.

Capital is sometimes described as being either fixed or circulating capital. Fixed Capital is wealth embodied in a form in which it can be used a number of times without complete exhaustion of its utility in that form, *e.g.*, buildings, machinery, railways and the like. Circulating Capital consists of those things which can only perform their service once, as in the case of raw materials, coal, food, money, etc.

In business, capital is regarded as the entire property of an undertaking which is devoted to the carrying on of its affairs for the purpose of earning profits and of liquidating its debts.

In the case of a Limited Company, the capital is that sum subscribed by the shareholders for carrying on the undertaking.

An examination of the diagram below will show that the capital of a Joint-Stock Company may be divided into the following classes—

(1) Capital Values.

(2) Capital Goods.

Under the latter heading are included all the implements of production owned by the firm, such as plant, machinery, buildings, etc., together with the credit instruments, such as bills of exchange, which help to increase the productivity of the firm. Under the former heading of Capital Values are included the actual realisable values in the possession of the business, which may be subdivided as follows—

(1) The general statement of Assets and Liabilities as given in the Balance Sheet of the firm may be regarded as a list of the positive and negative items of Capital, the difference between which is known as the Net Capital.

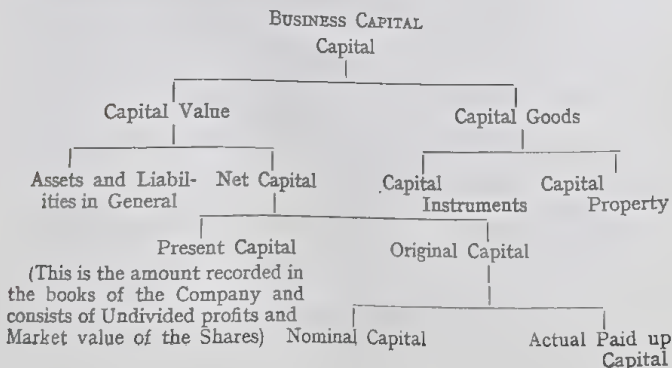
(2) The Present Capital represents the amount recorded in the books of the company, and consists of the undivided profits, such as Reserve Funds, together with the Market Value of the shares.

(3) The Original Capital of the firm may be subdivided in—

(a) The Paid-up Capital, that is, that portion of the Called-up Capital which has been received by the company.

(b) The Nominal Capital, that is, the sum stated in the Memorandum of Association as the Authorised or Registered Capital of the Company.

The various subdivisions of Business Capital may, therefore, be represented graphically as follows—



THE ENTREPRENEUR is the undertaker of business risks. In reality he is the agent for the consumer, for his success depends upon his doing what the consumer wants, and his profit is really a commission which he gets for handing on the product to the consumer. An entrepreneur must possess exceptional ability in the organisation of business, the control of capital and the power to foresee changes in the markets. It is the duty of the entrepreneur to pay the labourer his wages, the capitalist his interest, the landowner his rent, and taxes to the Government, and whatever surplus remains after his expenses of production have been paid accrues to him as profit or payment for the risks he has undertaken. Unless someone came forward to make this speculation, production would be at a standstill.

In the case of the sole trader, the employer himself performs the functions of the entrepreneur and sometimes that of the capitalist in addition. In the case of a partnership the risks are undertaken by the various partners, whilst in the case of a Limited Liability Company, the shareholders are the entrepreneurs. Another form of undertaking is that of the Co-operative Distributive Society which is engaged in selling commodities to its members. Here the members, who are also the consumers, undertake the business risks and are in consequence the entrepreneurs. Thus it will be seen that the function of the entrepreneur is indispensable to all types of undertaking.

DELEGATION OF DUTIES.—In general terms one cannot expect satisfactory results from an organisation consisting of a number of individuals with independent minds, unless matters are organised in such a manner as to confine responsibility and enable one to say who shall be held to blame for various conceivable kinds of mistakes producing undesirable results. It is, therefore, necessary to delegate a share of the control to subordinates.

The intelligent control of a business may be exercised by an individual, a Committee, or a Board of Directors. Whichever kind of control is adopted it is naturally a limited body, and the question arises, how is it possible for one or a few individuals to keep in touch with what is going on so as to be able to control it at all? The only way in which a large business can be effectively controlled is to classify the workers into groups or sections, and then place each

section in the charge of an under-manager. In this way certain persons are made responsible for the profits. However, a manager cannot reasonably be held responsible for the financial results of the department, unless he has a free hand in deciding the way in which the work of the department is to be done.

THEORY AND PRACTICE OF COMMERCE

CHAPTER I

CORRESPONDENCE, COMMERCIAL FORMS, ETC.

INWARD CORRESPONDENCE.—Each letter or packet received, on being opened by the Principal, Secretary or other responsible person, is numbered consecutively, and a brief record made in the Correspondence Received book, the entries in which usually appear as follows—

INWARD CORRESPONDENCE REGISTER

Date.	Name.	Address.	Subject.	How disposed of.
June 5	Finch & Co.	Glasgow	Re Contract	Handed to J. S " to Cashier
"	Bryan, J.	Teignmouth	Price List	
"	Abbott, A. N.	Newport	Delay in delivery	
"	Fearce, F.	Cardiff	Remittance	
"	Mills, W.	Hull	Offering services	

Where the business consists of a number of departments, the letters may be sorted and placed in baskets, bearing either the name of the department or that of the official for whom they are intended. Where a remittance is enclosed, the letter, together with the remittance, will be handed in the first instance to the cashier, who, after making out the receipt, will pass on the letter and receipt to the department interested.

OUTGOING CORRESPONDENCE.—On account of the many advantages offered by the vertical system of filing, and the ease with which carbon copies may be made on the typewriter, many firms are discarding the old-fashioned letter book in favour of the more modern method by which each correspondent's communications are kept together, with a carbon copy of the replies attached. When the typist presents the letters to the dictator for signing, the carbon copies should be handed to him for initialling.

Where a copy press is used the outfit will include :—(1) A letter book ; (2) Damping linen or rubber sheets (or a water well and brush) ; (3) Oil sheets ; (4) Drying sheets.

The letter book consists of 250 or 500 sheets of white or buff copying paper, the leaves being numbered consecutively. An alphabetical index is inserted at the beginning of the book. When it is desired to copy a letter an oil sheet is first placed on the back of the page last used ; this is followed by a damping sheet. The next page of the letter book is turned on to the damping sheet and the letter to be copied placed face downwards upon it. Another oil sheet is added to prevent the damp from spreading to other sheets, and the book is closed and placed in the press, care being taken to keep the binding edge outside. If a letter is badly copied and it becomes necessary to re-write and re-copy it, on no consideration should the page of the letter-book be torn out, as this destroys the value of the book as evidence. The word " Cancelled " should be written in blue pencil across the page.

A modern development of the press-copying machine is the Rotary copier, where the letter to be copied is placed between rollers, and a copy taken on a continuous roll of paper, which is afterwards cut by means of a knife attached to the machine. In this way a copy exactly similar in character to that made in a press copy book is taken on a loose sheet. The principal advantage claimed for this method is that the copy includes the signature of the writer and any pen alterations which may have been made in the original.

All letters copied in the letter book should be indexed so as to facilitate reference. The only particulars needed in the index are the names of the writers and the pages on which the letters appear.

The following may be taken as an example of the index page S—

Sanderson, J.	8, 126, 220, 228.
Sandland, F.	10, 82, 96, 123, 158, 240.
Scarlett, R. B.	165,
Saunders & Slater	183, 250.
Scollock, H. M.	233, 260.
Seagar & Co.	322, 376.
Shaw & Edgar	418, 424, 435.

When a large number of names or other words have to be indexed, use is sometimes made of the *vowel index*. The principle is an extension of that generally used, the difference being that each initial letter of the alphabet is divided into five parts, one for each of the vowels *a, e, i, o, u*. The initial letter of the name to be indexed indicates the division of the index in which it should be placed, and the first vowel in the name (other than the initial letter) indicates the sub-division. Generally, five leaves of the index are set apart for each initial letter except those of rare occurrence, (*e.g.*, *q, x, y, z*), which are often grouped with others, and the five leaves are headed *a, e, i, o, u*, respectively. As an example we may suppose that the following names have to be indexed—

Ambrose, James
 Ashwell & Co.
 Ashban, Strutt & Sons
 Aldridge, Thomas
 Abrunton Bros., Ltd.

We first turn to our division A, and on the page marked with the vowel *o* we enter the name Ambrose, James, *o* being the first vowel after the initial in that name. The other names are similarly dealt with, and we have—

Ashwell & Co. on the *e* page.
 Ashban, Strutt & Sons on the *a* page.
 Aldridge, Thomas " " *i* "
 Abrunton Bros., Ltd. " " *u* "

Instead of having a separate page for each vowel, for considerations of space each page of the ordinary alphabetical index is sometimes ruled with five columns headed with the vowels *a, e, i, o, u*. In this case the names are entered in different columns instead of on different pages.

The vowel sub-division is not always found perfectly satisfactory as there are words which cannot, according to the strict rule, be put under any of the sections, because beyond the initial there are no vowels at all (*e.g.*, Ash, Epps); these must be indexed under the vowel initial.

As each letter is indexed a horizontal line is written in blue pencil near the top of the page, and where a previous letter has been written to the same correspondent the number of the page on which such letter appears is written above the line. This provides a

cross-reference and enables a series of letters to the same correspondent to be traced without the trouble of having to refer to the index in each case. Take, for example, letters written to J. Sanderson, and which appear on pages 8, 126, 220 and 228.

On page	8	the cross-reference will be			0
					126
					8
"	126	"	"	"	220
					126
"	220	"	"	"	228
					220
"	228	"	"	"	

Great care should be exercised by the person responsible for despatching correspondence to see that all enclosures are duly inserted, and that the envelopes are properly addressed. Enclosures may be indicated by a sloping line in the margin of the letter, immediately opposite the place in which the enclosures are enumerated, thus—

Price List.

Another method is to affix to the letter itself, a small printed slip, gummed at the back, indicating the documents which are to be enclosed. The general practice, however, is to type at the head or foot of the letter "Enclo." or "2 Enclosures."

A record of outgoing correspondence is kept in a Postage book, of which the following is a specimen—

POSTAGE BOOK

Stamps or Cash.	Date.	Name.	Address.	Time of Posting.	Posted by.	Postage.		
2	19.. Sep. 2	Abbott, J. Aikin & Sons Fairlow Bros. Esden & Co. Steel & Flint Spicers, Ltd. Collins & Slye Toft Peter Cash in hand	Paisley Cardiff Preston Salford Peterboro Norwich Bootle Shipley	10.30 a.m. " " " " 1 p.m. " "	B.F. pcl.			1½ 1 3 1½ 5 3 8 1½ 11½
						1	17	
2						£	2	0 0

PETTY CASH BOOK (Dissected)

Dr.

Cr.

Date.	Particulars.	Amount.	Date.	Particulars.	Amount.
19..					
Sep.	1 To balance fwd.	5 0 0	Sep.	By Postage	14
"	" " Cash	5 0 0	"	" Elec. Lamps	2
			"	" Telegrams	1
			"	" Carriage	2
			"	" Cab fare	2
			"	" Postage	12
			"	" Cleaners	8
			"	" Repairs	1
			"	" String	9
			"	" Sealing Wax	9
			"	" Ink	1
			"	" Stencils	3
			"	" Postage	4
			"	" Cleaning Polish	11
			"	" Dusters	1
			"	" Laundry	0
			"	" Boy's Wages	9
			"	" Pencils	10
			"	" Bal. in hand	6
			"		11
					3
					11
					0
					10
					0
Sep.	6 To balance fwd.	3 11 11			

PETTY CASH BOOK

(With Analysis Columns)

Received.	Date.	Particulars.	Gen. Ens.			Carriage.	Wages.
5 0 0	19.. June	To balance in hand					
	3	By Parcels Co.	1 6			1 6	
	3	" " Gratuity, Dustmen	2 6	2 2			
	"	" " Telegrams	2 2	2 2			
	"	" " Porter—Overline	1 9	2 3			1 9
	"	" " Postal Wrappers, etc.	2 3	2 6			
	"	" " Postal Guide	6 6	8 6			
	"	" " Brushes	8 6				
			19 2	15 11		1 6	1 9
		Balance in hand	4 0 10				
5 0 0			5 0 0				
4 0 10		To balance forward					15 0
4 19 2	" 4	Cash	1 0	1 0			
		By Gratuity	15 0	3 0			
		" Boys' Wages	3 0	3 0		1 9	
		" Ink and String	1 9	3 10			
		" Carriage	3 10	1 6			
		" Dusters	1 6	1 8			
		" Carman	1 8				
		" Tram fares		10 0		1 9	15 0
			1 6 9				
		Balance in hand	3 13 3				
5 0 0			5 0 0				
3 13 3		To Balance fwd.					

THE PETTY CASH BOOK is the book in which are recorded payments of money for small expenses such as carriage, postage, string, newspapers, etc. The book is usually kept by a junior clerk who receives from the cashier a sum sufficient to meet these minor expenses for a certain period. The book is made up periodically, and additional cash advanced as it becomes necessary. The method in common use is for a certain round sum to be advanced by the cashier to the keeper of the Petty Cash Book. At the end of the week or month when the book is made up, an amount corresponding to that which has been spent is handed over, so that the Petty cashier commences the following period with the original amount in hand. This is known as the "Imprest System." In some cases the items are dissected under different heads, whilst some Petty Cash Books are provided with Analysis columns in which the various amounts are entered as they are paid. The two examples on pp. 5 and 6 will make the difference clear.

A PRICE LIST is a document giving particulars of goods offered for sale, with the price at which the compiler of the list is willing to sell.

GEORGE CATERHAN & Co., LTD., LONDON

PRICE LIST

BLACK VELVETEENS (Plain).—30 Yards

M19	18 in.	..	..	5½	M27	22 in.	..	..	8½
M21	18 in.	..	..	6	M30	22 in.	..	..	10
M23	18 in.	..	..	6¾	M31	22 in.	..	..	10¾
M24	22 in.	..	..	7½	M33	22 in.	..	..	11¾
M26	22 in.	..	..	8½					

BLACK TWILL BACK VELVETEENS.—30 Yards

TM34	22 in.	..	..	12¾	TM43	24 in.	..	..	17¾
TM35	22 in.	..	..	13½	TM45	24 in.	..	..	18½
TM36	23/24 in.	..	..	14½	TM46	24 in.	..	..	20
TM39	23/24 in.	..	..	15½	TM47	24 in.	..	..	21½
TM41	23/24 in.	..	..	16½	TM49	24 in.	..	..	2/1

COLOURED VELVETEENS (Plain).—25 Yards

C10	18 in.	..	..	$6\frac{1}{4}$	C14	22 in.	..	..	$9\frac{1}{4}$
C11	18 in.	..	..	$6\frac{7}{8}$	C15	22 in.	..	..	$10\frac{1}{4}$
C12	22 in.	..	..	$7\frac{1}{2}$	C16	22 in.	..	..	$11\frac{1}{4}$
C13	22 in.	..	..	$8\frac{3}{4}$	C7	22 in.	..	..	12

COLOURED VELVETEENS, TWILL BACK.—25 Yards

TC18	22 in.	..	..	13	TC23	24 in.	..	..	$17\frac{1}{4}$
TC19	22 in.	..	..	$13\frac{3}{4}$	TC24	24 in.	..	..	$18\frac{1}{2}$
TC20	$23/24$ in.	..	..	$14\frac{1}{2}$	TC25	24 in.	..	..	$19\frac{3}{4}$
TC21	$23/24$ in.	..	..	$15\frac{1}{4}$	TC26	24 in.	..	..	$20\frac{1}{2}$
TC22	$23/24$ in.	..	..	$16\frac{1}{2}$	TC27	24 in.	..	..	22

COLOURED CORD VELVETEENS.—25 Yards

C28	22 in.	$13\frac{7}{8}$	C29	22 in.	$2/0\frac{1}{2}$
-----	--------	----	----	-----------------	-----	--------	----	----	------------------

 $\frac{3}{4}$ -DRESSING GOWN COTTON VELOURS.—40 to 50 Yards $3\frac{3}{4}$ to $7\frac{3}{8}$

FANCY COTTON TARTANS AND BLOUSE CHECKS.—40 Yards.

 $2\frac{1}{2}$ to $6\frac{3}{4}$

A PRICES CURRENT is a document showing the current prices of certain goods. It is not an offer to sell, but is intended as a guide to possible buyers. Some firms issue these documents at regular intervals for the information of their customers, and Prices Current are also reproduced in newspapers and trade journals.

AN ORDER is a request to supply specified goods at the prices and on the terms agreed. An Order may take the form of a commercial letter, or a special form may be used similar to the example given on page 10.

PRICES CURRENT

	Saturday.	Previous Prices.	Tone.
SUGAR—per cwt., duty 1/10,			
98% polarisation ..	£ s. d.	£ s. d.	
Tates' Cubes, No. 1 ..	0 23 6	0 23 6	Firm
Ditto, No. 2 ..	0 23 0	0 23 0	
Lyle's granulated ..	20/9 21/9	20/9 21/9	Unchanged
German Granulated first brands f.o.b. ..	16/10½	16/10½ 17/0	
German Cubes, f.o.b. Nov.-Dec. ..	18/8½	18/9	Firm
Dutch Cubes, f.o.b. ..	19/9	19/6	
Crystallised, West India ..	—	—	
Beet 88% f.o.b. ..	14/10½	14/10½	Firmer,
SPICE—Pepper.			irregular
Black Singapore Aug.-Oct.	5 3½	5 3½	Firm
White do. do.	7 3½	7 ¾	
POTATOES—per ton.			
British Queen ..	100/- 120/-	—	Firm
Kents ..	100/- 120/-	—	
Essex ..	100/- 120/-	—	
Blacklands ..	95/- 100/-	—	
JUTE—per ton.			
Native first marks for shipment, August ..	18 5 0	18 7 6	Slow
HEMP—per ton.			
Fair Current Aug.-Oct. ..	20 10 0	20 10 0	Nominal
Good Seconds Do. ..	20 10 0	19 10 0	
SHELLAC—per cwt.			
T.N. Standard fair spot ..	63/0	63/0	Quiet
OIL—			
Linseed, per ton ..	£40½ £40¾	£40 £40½	Firmer
Rape, refined English casks	30 15 0	30 10 0	Firm
Brown English, naked ..	28 15 0	28 10 0	
Cotton Seed, crude ..	25 15 0	25 15 0	Firm
Do. refined ..	£27½ £29¾	£27½ £29¾	
Petroleum, per 8 lb. ..	5½d. 5½d.	5½d. 5½d.	
Do. Water White ..	6½d. 6½d.	6½d. 6½d.	
Turpentine, per cwt. ..	38/6	38/0	Dearer
OIL SEEDS—			
Linseed, Lon-Calcutta—			
410 lb., July-Aug. ..	68/0	68/0	Quiet
Rape, Cawnpore yellow ..	2 7 9	2 7 3	Very firm
Brown, Aug.-Sept. ..	2 5 3	2 4 9	
Soya Beans ..	7 16 9	7 16 3	Firm
INDIA-RUBBER—per lb. ..			
Fine hard Para on spot ..	4/7½	4/7	Slow
Do. Do. Sep.-Oct. ..	4/7½	4/7½	
Caucho ball, Aug.-Sept. ..	4/1	4/1	
TIMBER—Wood			
Danzig and Memel Fir, per load ..	47/6 120/-	47/6 120/-	Steady
Indian Teak ..	190/- 460/-	190/- 460/-	

ORDER FORM

ALBERT WARD & SONS

Telephone :

1926.

Telegrams :

WARDSON, OLDHAM.

PARK STREET,
OLDHAM,

10th May, 19..

To Messrs. C. Tweedale & Co.,
38 Liverpool Road,
Manchester.

Dear Sirs,

Please supply the undermentioned goods at your earliest convenience and in strict accordance with the particulars stated, and oblige,

Yours faithfully,

ALBERT WARD & SONS.

		£	s.	d.
1	Wilton Carpet 12' x 8'	@	6	10 0
1	„ „ 9' x 7'10"	@	5	2 6
1	Bordered Axminster 12' x 10'	@	12	15 0
1	„ „ 9' x 7'6"	@	4	17 6

A TENDER OR ESTIMATE is an offer to supply goods or carry out certain work at stated prices. A Tender or Estimate is generally submitted in response to an advertisement, or at the request of the person requiring the goods or service.

The following is a specimen of a Tender—

63 PARKFIELD SQUARE,
HALIFAX,

WM. VERITY, Esq.,

8 Ripponden Road,
Sowerby Bridge.

19..

Dear Sir,

re 28 Sparrow Street.

I am prepared to undertake the work set forth in the specification re the above, and to complete the same to the satisfaction of your architect and surveyor for the sum of Forty-six Pounds.

Trusting to be favoured with your instructions,

I am,

Yours faithfully,

ROBERT TULLOCK.

A **FIRM OFFER** is one in which a person makes a definite offer of goods at a specified price, which offer he undertakes to hold open for acceptance until a specified time. If the offer is not accepted within the time stated, it is understood to be withdrawn.

FIRM OFFER

We beg to offer you firm, subject to reply by 3 p.m. to-morrow, 20 cases Patras, sample of which we sent you yesterday. Courant.

AN **INVOICE** is a detailed account for goods sold, rendered by the seller to the buyer, giving particulars of quantity and price.

SPECIMEN INVOICE

ST. PAUL'S CHURCHYARD,
LONDON,

3rd June, 19..

Mr. Ralph Perkins,
Wolverhampton.

Bought of ROPER & REYNOLDS

CHEQUES SHOULD BE CROSSED "PROVINCIAL BANK."

TERMS: $2\frac{1}{2}\%$ ONE MONTH.

4	Sateen Down Quilts 6 x 4	16/9	3	7	0
2	" " " 6 x 5	29/9	2	19	6
6	prs. Linen Pillow Cases 20 x 30	8/6	2	11	0
6	" " " " 22 x 32	10/6	3	3	0
4	doz. Huckaback Towels 23 x 45	9/0	1	16	0
2	" Linen Huck " 24 x 40	12/6	1	5	0
			15	1	6
				2	
			£	15	3 6

Canvas

Per L. & N.W. Ry.
Carr. Pd.

STATEMENT NO. 2

ST. PAUL'S CHURCHYARD,
LONDON,

1st July, 19..

Mr. Ralph Perkins,
Wolverhampton.

Dr. to ROPER & REYNOLDS.

Dr.

TERMS: 2½% one month. Cr.

	June	3	To Goods	15	3	6	June	6	By Returns	1	10	0
"	"	9	"	8	5	3	"	22	" Allowances	72	8	0
"	"	14	"	10	7	7	"	"	" Balance due		7	4
"	"	22	"	32	6	0	"	"				
"	"	28	"	8	3	0						
				74	5	4				74	5	4
July	1	To balance due		72	7	4						

A DEBIT NOTE is an account, in the form of an invoice, which may be sent by the seller to the buyer. It is used, for example, in cases where some mistake has been made in an invoice, such as goods charged at 1/- per yard instead of 1/3. A Debit Note might also be forwarded by the buyer should he return part of the goods as unsuitable, in which case it would not be necessary for the seller to make out a Credit Note.

A Statement is an account rendered by the creditor to the debtor, showing the amount owing at a fixed date. It may take the form of a copy of the Ledger Account of the seller (see page 13), or the debit items may be charged, and the credit items deducted, as shown in specimen No. 1 (p. 12).

The following simple transaction will illustrate the use of several of the commercial documents already referred to.

SUMMARY.—Mr. G. Atkinson of Buxton writes to Messrs. Howland & Hicks of Derby, asking whether they have a second-hand garden roller for sale. The firm reply stating that they have three, any one of which they will be glad to forward for inspection. Mr. Atkinson instructs them by telegraph to forward one of the rollers. This is done, the Consignment Note and Invoice being made out as shown. The roller is found suitable for the purpose required, and payment is made by means of a Money Order, the transaction being closed by a formal receipt being forwarded by the sellers.

RIVERSIDE COTTAGE,

BUXTON,

8th Aug., 19..

MESSRS. HOWLAND & HICKS,
Stafford Road,
Derby.

Dear Sirs,

I am in want of a small garden roller, weighing up to say 2 cwts. Do you happen to have a good second-hand one in stock, and if so, at what price can you offer it?

Awaiting your reply,

I am,

Yours faithfully,

G. ATKINSON.

STAFFORD ROAD,
DERBY,

9th Aug., 19..

MR. G. ATKINSON,
Riverside Cottage,
Buxton.

Dear Sir,

Replying to your enquiry we beg to say that we have three rollers in stock, the particulars of which are as follows, viz.—

One Connell's No. 1, 4 cwts.	..	..	..	55s.
One Capel's "Heavyweight," 5 cwts.	..	..	..	62s.
One „ "Lightweight," 2½ „	..	..	..	38s.

They are all in excellent condition, and such as we can confidently recommend.

We should be glad to forward one of the rollers for your inspection, paying carriage if you decide upon purchasing, but you to pay carriage one way should you find that it does not meet your requirements.

Trusting to hear from you further on the matter,

We are,

Yours faithfully,

HOWLAND & HICKS.

Telegram (see next page).

STAFFORD ROAD,
DERBY,

10th Aug., 19..

MR. G. ATKINSON,
Riverside Cottage,
Buxton.

Dear Sir,

We received your telegram as follows:—"Send Capel's Lightweight Roller on approval," and now beg to advise you that we have forwarded the roller by Midland Railway to-day.

At the price quoted the roller is a bargain, and we feel sure that you have only to see it in order to realise this.

Yours faithfully,

HOWLAND & HICKS.

SEE NOTICE AT BACK.

POST OFFICE TELEGRAPHS.
(Inland Telegrams.)

No. of Telegram For Postage Stamps.
To be affixed by the Sender.
Any Stamps for which there is not room here should be affixed at the back of this form.

Office of Origin and Service Instructions.

Words. Sent At _____ M.
 Charge. To _____
 By _____

A receipt for the Charges on this Telegram can be obtained, price One Penny.

When a reply is to be prepaid, write in this space the words "Reply Paid." No charge is made for them.

TO { *Howelucko Derby*

12 words, including the words in the address, 9 p.	Send. <i>Capels</i>	<i>lightweight</i>	<i>roller</i>	<i>on</i>
Every additional word, 1 d.	<i>approval</i>			

FROM { *Atkinson*

The Name and Address of the Sender, IF NOT TO BE TELEGRAPHED, should be written in the Space provided at the Back of the Form.

STAFFORD ROAD,

DERBY,

11th August, 19..

Mr. G. Atkinson,

Buxton.

Bought of HOWLAND & HICKS,

General Dealers.

One Second-hand Capel's Lightweight
Roller, $2\frac{1}{2}$ cwt.s.

£1	18	0
----	----	---

On approval

RIVERSIDE COTTAGE,

BUXTON,

12th Aug., 19..

MESSRS. HOWLAND & HICKS,

Stafford Road,

Derby.

Dear Sirs,

I am obliged by your promptness in forwarding the Garden Roller, which was delivered here this morning.

I find that it will suit my purpose admirably, and now beg to enclose money order for 38s. in payment.

Kindly acknowledge receipt in due course and oblige,

Yours faithfully,

G. ATKINSON.

No. 3—D.

INLAND

Office Stamp.

MONEY ORDER REQUIRED

No. of Order.	FOR	£	s.	d.
		1	18	0

Payable at *Derby*

[Payment will be subject to the possession by the Postmaster of sufficient funds.]

*	Christian Name (or Initial).	Surname.
	<i>Howland & Hicks</i>	

to

* If the payee of a Telegraph Money Order is a woman, the prefix "Mrs." or "Miss," as the case may be, should be given for inclusion in the Telegram of Advice.

†	Sent by <i>G. Atkinson</i>
	Address <i>Riverside Cottage, Buxton.</i>

† IMPORTANT.—The sender's name and address are required for official purposes. The person presenting the Order for payment must be prepared to state the name of the sender. If the sender of a TELEGRAPH ORDER wishes his name, with or without his address, to be communicated to the payee on delivery, this information must be paid for as a private message. See par. 3 below.

THE SPACE BELOW FOR TELEGRAPH ORDERS ONLY.

If the order is to be telegraphed, write the words, "By Telegraph," across the Form, and fill in the further particulars asked for below.

1. Address at which the Telegraph Order is to be delivered. If to be called for at a Post Office write the word "Postoffice." [In the latter case the sender should inform the payee where he must apply for the Order.]

2. State here whether the Telegraph Money Order is to be crossed for payment through a bank.

PRIVATE MESSAGE.

3. If a private message to the payee, which must not exceed twelve words, is to be included in the Telegram of Advice and delivered with the Order, write here the exact words.

PRINCIPAL POST OFFICE CHARGES

INLAND LETTER POST.

Not exceeding 1 oz.	1d.
Exceeding 1 oz. and not exceeding 2 oz.	2d.
For every additional 2 oz.	$\frac{1}{2}$ d.

BOOK PACKETS.

Per oz.	$\frac{1}{2}$ d.
---------	------------------

SAMPLES.

Not exceeding 4 oz., 1d.; 6 oz., $1\frac{1}{2}$ d.; 8 oz., 2d.	
--	--

PARCEL POST.

INLAND.

NOT EXCEEDING	1 lb.	4d.
	2 "	5d.
	3 "	6d.
	5 "	7d.
	7 "	8d.
	8 "	9d.
	9 "	10d.
	10 "	11d.
	11 "	1s. 0d.

FOREIGN AND COLONIAL.

LETTERS.

To British Possessions generally, the United States of America, British Postal Agencies in Morocco, and to H.M. Ships of War and H.M. Troops serving abroad	1d. per oz.
---	-------------

To all other places, $2\frac{1}{2}$ d. for the 1st oz., and $1\frac{1}{2}$ d. for each additional oz.

PRINTED PAPERS, COMMERCIAL PAPERS, AND SAMPLES.

Per 2 oz.	$\frac{1}{2}$ d.
Minimum for Commercial Papers	$2\frac{1}{2}$ d.
and for Samples	1d.

TELEGRAMS (INLAND).

NINEPENCE FOR FIRST 12 WORDS, AND A HALFPENNY FOR EACH ADDITIONAL WORD.

NIGHT TELEGRAPH LETTERS.—Ninepence for 36 words or less, and $\frac{1}{2}$ d. for every 3 words beyond 36.

POSTAL ORDERS.

Amount of Order.	Poundage.
6d., 1s., 1s. 6d., 2s., 2s. 6d., 3s., 3s. 6d., 4s., 4s. 6d., 5s., 5s. 6d., 6s., 6s. 6d., 7s., 7s. 6d., 8s., 8s. 6d., 9s., 9s. 6d., 10s., 10s. 6d., 11s., 11s. 6d., 12s., 12s. 6d., 13s., 13s. 6d., 14s., 14s. 6d., or 15s.	1d.
15s. 6d., 16s., 16s. 6d., 17s., 17s. 6d., 18s., 18s. 6d., 19s., 19s. 6d., 20s., or 21s.	$1\frac{1}{2}$ d.

MONEY ORDERS.

INLAND ORDINARY—

For sums not over the charge is	£1	£3	£10	£20	£30	£40
	2d.	3d.	4d.	6d.	8d.	10d.

INLAND TELEGRAPH—

Poundage at the same rate as for Ordinary Inland Money Orders, plus supplementary fee of 2d. and cost of official Telegram of Advice.

FOREIGN AND COLONIAL ORDINARY—

For orders payable in British Dominions, Colonies, Protectorates, etc., at British Postal Agencies abroad, or in certain foreign countries


3d. for every £1 or fraction of £1.

For orders payable in all other foreign countries

4d. for every £1 or fraction of £1.

FOREIGN TELEGRAPH—

Poundage at the same rate as for Ordinary Foreign Money Orders, plus supplementary fee of 6d. or 1s. and cost of official Telegram of Advice.

No. 211		No. 211
		STAFFORD ROAD, DERBY, 13th August, 19..
		HOWLAND & HICKS.
13th Aug., 19..		Received from <i>Mr. G. Atkinson,</i>
Received from		-----the sum of
<i>G. Atkinson</i>		<i>One</i> ----- <i>Pound eighteen</i> -----
-----		Shillings and ----- pence, <i>in settlement</i>
		<i>of account pp. Howland & Hicks.</i>
£1 18 0		£1 18 0. <i>F. Lancaster.</i>

QUESTIONS

1. Describe briefly the method of dealing with Inward Correspondence.
2. What methods are there of keeping letters? Describe any two with which you are acquainted.
3. What do you understand by cross-referencing? Give an example.
4. Give a ruling of a Postage Book and make six entries therein.
5. For what purpose is a Petty Cash Book used?
6. What is meant by (1) dissecting; (2) analysing a Petty Cash Book?
7. State clearly what you understand by the "Imprest" system of petty cash.
8. Is a Price List the same thing as a List of Prices Current? If not, state the difference.

9. Give short definitions of (1) an Order ; (2) a Tender , (3) a Firm Offer.
10. Give an example of a Credit and a Debit Note, and state the use of these in business.
11. Make out a Statement containing six items, deducting returns, allowances, and discount.
12. Write a letter to Brown & Co., of Liverpool, enclosing a Price List. Call attention to the good quality of the articles mentioned in the List, and solicit a trial order.
13. Brown & Co., of Liverpool, in reply to the letter referred to in the previous question state that at the moment they are not in the market for the class of goods offered. They will keep the Price List before them and will communicate with you when next they are in the market. In the meantime they ask you to acquaint them with the movements of the market. Write a letter embodying the above facts.
14. Smith & Co. write to you pointing out that there is an error in the Statement rendered by you. On looking into the matter you find that owing to an error in calculating the discount you have overcharged them £2 10s. 0d. Make out a Credit Note, and write a letter apologising for the mistake, and informing them that the account will be credited with the amount overcharged.
15. If you wanted to send £9 18s. 0d. through the post, how would you send it ?
16. What commission would be charged on a Money Order for £8 4s. 2d. ?
17. How much would it cost to send a parcel weighing 9 lbs. 8 oz. from London to Manchester ?
18. What is the poundage on each of the following Postal Orders : 15s., 9s. 6d., 20s., 2s. 6d., 8s., 15s. 6d., 3s. ?

CHAPTER II

COMMERCIAL CORRESPONDENCE (CONTINUED)

THERE is more in the subject of commercial correspondence than many business men realise, and it is no exaggeration to say that the average commercial student does not give sufficient time and attention to a study of its principles. In this chapter an endeavour will be made to treat of—

- (1) Requisites of good correspondence.
- (2) Preparation of correspondence.
- (3) Analysis of illustrative letters.
- (4) Methodical handling of correspondence.

REQUISITES OF GOOD CORRESPONDENCE.—These may be considered under the following heads: (a) form, (b) substance.

The form of commercial letters is practically universal and is shown in the examples given on pages 25-27. Special mention may, however, be made of the "body" of the letter and of the "postscriptum." In connection with the former, there has recently arisen a practice of dividing this into a great many paragraphs notwithstanding that the recognised rule in correspondence is to have one paragraph only when referring to one particular matter. Certain business men favour this idea and they put forth as its advantages (1) that such a letter is more attractive and therefore more likely to be read, and (2) that when necessary, certain matters may be made to stand out distinctly from the rest. The point to be observed in this connection is that paragraphs containing information relating to the same subject should be consecutive.

In a letter dealing with many matters, each can be made distinctive by placing a "heading" (in large characters) either in the left-hand margin, much in the same way as is shown in a specification, or by placing such "heading" without the margin either at the left-hand side or in the centre of the paper.

With regard to the postscriptum it was formerly not considered good form to attach anything to a letter after the signature had been

appended, but nowadays it is sometimes deliberately done with the idea of attracting the attention of the reader to some particular matter.

SUBSTANCE.—In regard to substance the following matters must be borne in mind—

(1) Accuracy ; (2) Clearness ; (3) Commercial Language ; (4) Conciseness ; (5) Courtesy ; (6) Information ; (7) Legibility.

Accuracy.—The importance of accuracy in regard to all business matters will be patent to any reader of these pages, and need not therefore be dwelt upon at any length. A letter inaccurate in any of its particulars is practically worthless. Inaccuracy arises from carelessness, indifference to the importance of matters, lack of concentration of thought, or where there is no system in checking important details.

Clearness.—By this is meant that all matter introduced in correspondence should be stated in such a manner as will convey to the reader precisely what the writer intended to convey. Any expression capable of double or doubtful meaning should be avoided.

The use of short sentences is an undoubted aid in the attainment of clear expression.

Commercial Language.—This embodies a ready acquaintance with the phraseology used in business, and the student of correspondence should spare no pains in familiarising himself with the terms and abbreviations to be met with in business.

Conciseness.—A good commercial letter is one which, among other things, possesses the quality of being brief, so far as words are concerned, but fulsome in meaning. This is precisely what conciseness means, and will be thoroughly understood on reading the remarks on *précis* writing on page 37.

Courtesy.—Business men should at all times be courteous, particularly when asking favours, making recommendations, offering condolences, etc.

Information.—Information is the kernel of any letter. It is specially mentioned here in order to point out how necessary it is to think seriously of the matter to be written before committing it to paper. Not only should it be such as will give the reader what the writer wishes to convey, but it should be couched in such a manner that it will be at once telling and to the point. It is a notorious fact that many persons who write letters find that after

they have written them, they have not stated precisely that which they intended to convey, hence a due consideration of all facts intended to be embodied in correspondence should be recognised as one of the first factors in the compilation of any commercial letter.

Legibility.—With the almost universal use of the typewriter, legibility is practically assured for commercial letters. It is merely mentioned here as a principle.

PREPARATION OF CORRESPONDENCE.—In preparing correspondence the first essential will be to obtain all the information which is required to be put in the letter, statement, etc. This may, and often does, necessitate numerous enquiries, but when obtained it should be arranged in such a way that on dictation to a shorthand typist nothing will be omitted, and everything will be in its proper sequence.

As previously mentioned, information relating to one matter should, as far as possible, be put in one paragraph, and the dictator should bear this in mind and not leave it for the typist to arrange.

In dictating, as well as in transcribing, the points mentioned above, in “requisites of good correspondence,” should be observed.

ANALYSIS OF ILLUSTRATIVE LETTERS.—The student is advised carefully to observe the two following letters. The first is an average business letter, and special attention is directed to the particulars noted in the left-hand margin. These give the name attached to each section of the letter.

The second letter is one which illustrates the practice referred to on page 23, as to extensive paragraphing.

HEADING.

294, DALE STREET,
MANCHESTER,
2nd July, 19..

ADDRESS.

MESSRS. OLDHAM & CO.,
34, DRAKE STREET, HALIFAX.

SALUTATION.

Dear Sirs,

Replying to your kind favour of the 1st inst., we have pleasure in handing you our lowest prices, which we trust will induce you to favour us with your valued orders.

BODY.

The recent advance in the prices of raw materials has compelled us to make a slight increase on the prices charged for the same qualities previously supplied to you. We fear, that in the course of the next fortnight, there will be a further increase all round, owing to the above-mentioned cause, which increase is likely to be accentuated by a report current on 'Change to-day as to the heavy speculative operations in cotton in New York. May we suggest, therefore, that you take advantage of our offer which, under the circumstances, may be termed exceptional.

We have a few stock lots (indicated on the list) which we are rapidly clearing. These we can offer at former prices, subject to reply by return of post.

Awaiting your further favours,

COMPLIMENTARY
CLOSE
OR TERMINAL
SALUTATION.
SIGNATURE.

We are,

Respectfully yours,

ORLANDO & Co.

Encls.

375, TIB STREET,

LIVERPOOL,

7th July, 19..

MESSRS. J. TIMPERLEY & Co.,
ANTWERP.

Dear Sirs,

We have your esteemed letter of the 2nd inst., and thank you for the order contained therein for ten bales of cotton. Within the next week you may expect to hear that we have executed delivery.

The parcels will consist of several lots of different qualities, but we are afraid prices will run slightly higher than your limit, as there is a feeling that such prices as have hitherto been ruling cannot

continue, and traders are anxiously securing a sufficiency of raw material to cover the next three months.

A large number of orders has arrived from the Continent, and many of them, we believe, without any limit.

We are pleased to see that our Market Reports, which we have been forwarding to you for some considerable time, have been of value, and we shall therefore continue to send them. Meantime, we trust to be honoured with a continuance of your valued orders, assuring you at all times that your confidence in us is not misplaced.

Your specific directions regarding the insurance shall duly receive our attention, although we must confess that your opinion of Underwriters on this side is very severe. We believe that, somewhat naturally, they are keen in regard to the enquiries they make, due, we are afraid, to heavy losses in past years, but it is recognised that once a case is clearly established, there is always promptness in paying for losses.

We trust to hear from you again within the next few days regarding the samples of Dress Goods sent you a few days ago.

With regard to Greys, No. 232, it is impossible to obtain these goods at less than the price paid by you in March last, namely 37d. per yard, the goods being in great demand.

We hope, therefore, that you will confirm the order at this price for August delivery, 250 pieces weekly.

We would draw your special attention to White Shirtings, of which we send you patterns of stock goods.

If you can take any of these, wire pattern number and we will ship immediately.

Yours faithfully,
JAMES LIGHTBURNE, GHENT & CO.

METHODICAL HANDLING OF CORRESPONDENCE.—A full consideration of this would involve (1) treatment of the inward morning mail, (2) the making of enquiries necessitated by the correspondence received, (3) a collection of the facts, figures, and arguments to be embodied in the replies, (4) the despatch of the evening mail and (5) the filing of correspondence.

It is not intended to discuss in detail the particulars with regard to the morning and evening mail. The first duty of the

correspondence staff will be to dissect the correspondence and assign it to its respective departments, and a common practice is to place it in boxes. On the lid of each box is indicated the name of the department. Thus in a large establishment the following mail boxes may be seen:—Chairman, Directors, General Manager, Secretary, Cashier, Accountant, Invoices, Statements, Credit Notes, Complaints, etc., and also boxes for the trading or manufacturing departments. It is a common practice to place on each communication received an identification mark. Some firms adopt the practice of marking each letter with a rubber stamp bearing either a number corresponding to the number assigned to each department or bearing the name of the department. Again, it is a practice to stamp each letter with date and time of receipt, this usually being done by a clockwork device.

Before removing the correspondence boxes the general manager or some person in authority should examine the whole of the mail. This will give him a general idea as to what is taking place, and will enable him to answer any questions put to him by the head of the firm respecting enquiries, orders, etc. Generally speaking, the trading departments should not be allowed to take the boxes to their own departments. They should immediately enter in their order books particulars of orders received, and should likewise enter particulars of enquiries and other matters. The original correspondence will then be taken charge of by the chief of the filing staff to whom application must be made if it be found necessary to verify or amplify the information copied by the department. In some cases it may be necessary for the department to handle original correspondence, but this should be the exception rather than the rule.

One advantage of correspondence being retained in the correspondence or filing department is, that there is no necessity to keep the same track of correspondence, as is the case when it is sent to the numerous offices and departments connected with the business. A correspondence register, however, may be kept for important matters, and this should be in charge of the general manager or person whose duty it is to examine the morning mail. He will instruct a special clerk what letters to take note of. The object of this is to see that such correspondence is promptly answered, and it will be the clerk's duty to note in the correspondence register

that replies have been forwarded. Such a register may be in the following form—

Date of Letter.	Date re- ceived.	Received from.	Address.	Sub- ject.	To whom handed (to be initialled).	Date reply sent.	Where Letter Filed.	Remarks.
-----------------------	------------------------	-------------------	----------	---------------	---	------------------------	---------------------------	----------

Correspondence intended for private offices, such as those of Chairman and Secretary, should be dealt with in those offices.

QUESTIONS

1. What are the requisites of good correspondence ?
2. Write a short essay on Correspondence.
3. Write a letter from Brown & Co., London, to Smith & Co., Liverpool, stating that a package of samples marked A. B. & Co., Bombay, and valued at £20, shipped in August, 19.., had not been delivered to the consignees. Claim value of the sample and point out the serious loss you have sustained owing to the non-delivery of this package, as it contains samples upon which orders would have been placed.
4. Write to Jeffrey & Co., of Oldham, informing them that you have received information from the plantation that owing to recent heavy rains cotton is in a poor state of growth. You are, however, in a position to supply them with a small shipment of 100 bales on very advantageous terms, namely, 6½d. per lb. c.i.f., Liverpool. Point out that the price is very low and express the hope that business will result.
5. Write to Mann & Co., Leicester, expressing regret that you have not been able to deliver certain goods on order owing to the strike. Mention the probable date of delivery.
6. Henry Wilson, of 99 High Street, Blanktown, consults you with reference to his financial position, and you have advised him to call together his creditors. Draft the letter you would send the creditors calling the meeting.

7. Draft a notice calling a meeting of Directors to be held at the Company's offices on Monday next at three o'clock.
8. Write (a) a letter from a bank calling attention to the customer's overdrawn account; (b) the customer's reply.
9. Draw up a circular letter announcing that Thomas Smith has admitted his son into the business, which will henceforth be known as Thomas Smith & Son.
10. Explain how you would deal with the morning mail of a large firm with numerous correspondents.
11. You are the senior partner in the firm of Kirk & Kelly, Iron-founders, 270 Farringdon Road, London. Draw up a circular letter to be addressed to the firm's customers, announcing the dissolution of the partnership, consequent upon the withdrawal of Mr. Kelly, and soliciting a continuance of your customers' patronage.
12. Write a letter from W. Martin, of Ivydale House, Warwick Road, Leamington, to Simpson & Watt, Contractors, Derby Road, Birmingham, requesting them to send an authorised representative to discuss certain alterations and improvements which Mr. Martin contemplates making in his house and grounds.
13. Write a suitable reply to the above letter, asking what day and hour will be most convenient, and suggesting Wednesday next at 10.30 a.m.
14. Write a reply from Mr. Martin agreeing to an appointment at the time suggested.

CHAPTER III

DRAFTING CIRCULARS, DRAWING UP REPORTS, PRÉCIS WRITING

OBJECTS.—There is a large number of commercial documents, varying in form, the main object of which is to notify or advertise. These are generally termed circulars from the fact that they are usually delivered to a wide circle of traders and others.

Circulars are extensively used in connection with the following among other matters:—Changes of address; appointment of representatives, agents, etc.; changes in the constitution of a firm such as withdrawal of a partner or admission of a new partner; establishment or extension of a business; opening branch houses, etc.; amalgamation, etc.; but mainly for offers of goods and services, etc.

FORM.—The forms of circulars are nearly as varied as the information they contain, but the following are those most commonly met with:—Single and also folding cards, single sheets, double sheets, booklets with or without accompanying letters, and even books of large size and often of the most tasteful designs.

CONTENTS.—As the object of circulars is to advertise, it will be found that the contents are such as will tend to influence sensibly those for whom they are intended. The language—as in any other form of advertisement—is couched in an attractive and telling fashion, whilst the illustrative work—and this is a prominent feature of modern advertising—is specially prepared so that it may readily catch the eye. The descriptive matter, whilst often consisting of plain business statements is often florid and sentimental in style, as witness the following which recently appeared in connection with an advertisement for a musical “piano-player.”

“The silent piano is one of the small tragedies of a home. It tells of unsatisfied hunger for the refining influence and pure joy of music—the highest of the arts. There are lovers of music in every home, but no one to call forth the magic of the silent strings.”

The letterpress description, together with illustrations, naturally form the most important part of any circular, but accompanying these are often to be found, in regard to the offer of certain classes of goods at least, copies of testimonials, opinions of eminent men, press opinions, etc.

FORM LETTER.—In connection with circulars may be mentioned what is known as a “form” letter. This is a somewhat modern invention. It is essentially a circular, thousands of copies of the same letter being forwarded at the same period. In appearance, it very much resembles an original letter. It is printed, but the impression produced is as near as possible like that made by a typewriter, and the greatest skill is exercised in making the name of the intended recipient to appear as a part of the letter. It is not, however, printed with the body of the letter, but is added afterwards as required.

DRAFTING.—The advice to be given in connection with drafting circulars is that to be found under the heading of “Drawing up reports,” with this reservation, that as a circular is intended to be an advertisement, it must be so framed that it will attract, that it will speak for itself, that it will “tell” (and to “tell” in modern business language means to “impress”), that it will convince. If it is attractive it will be read; if it speaks for itself, that is, if it tells a plain story, it will be understood; if it “tells,” it will be considered; if it is convincing, it will have performed its task, for that is the art of advertising. No further remark need be made on this subject beyond stating that in the preparation of any particular form of circular the particular circumstances attendant on it must be specially considered in addition to the general information on circulars given here.

DRAWING UP REPORTS.—From time to time reports are issued by commercial houses on a variety of matters affecting their interests. In the main, they may be divided into two classes, viz.—

- (a) Reports issued to customers, clients and the public.
- (b) Reports issued to persons immediately connected with the firm, *e.g.*, shareholders, agents and other representatives, employees, etc.

PREPARATION.—A report should be framed on an organised basis. It is not a mere statement of facts or figures or both, put

down in haphazard fashion. Much care and attention are required in its preparation if it is to be of real use. In particular, attention should be paid to the following—

The facts.

The arrangement.

The language.

A report is useless unless the facts be beyond question, but the particular point to be observed in this connection is that all data should be carefully checked before being published.

The arrangement is very material to the successful preparation of a report. As in the preparation of letters, the facts should be marshalled, that is, all matters similar in character should be grouped, so that no part of a subject need be introduced into more than one paragraph. To facilitate this, "headings," suggestive of the matters under consideration, should first be drafted, and from these "headings," the complete report will be made, the collected facts being introduced as the report proceeds. Attention should be directed to the relative position of each set of facts, and the order of these will be determined by the particular nature of the report. The reader is advised to obtain copies of actual reports, and observe for himself whether they have been constructed upon an organised basis.

An example of the use of "headings" in connection with reports will be found on the next page. This is a very simple illustration of a report built up from headings, but the principle will hold good for every conceivable class of report.

LANGUAGE EMPLOYED.—The language in reports of all kinds should be of the simplest character, so as to be readily understood by anyone, but whilst this should be borne in mind it will be found in practice that there is in certain reports, a considerable use of phrases peculiar to certain businesses which, though well understood by those for whom the reports are generally intended, appear somewhat foreign to the lay mind. Experience proves, too, that it is not always wise to depart materially from the stereotyped phrasing of a particular kind of report, but diversion is sometimes necessary in order to make a more attractive statement and to maintain the demand for such reports where a demand is desirable, as in the case of market reports.

REPORT OF THE NORTH EAST CHESHIRE TRADING COMPANY, LIMITED

HEADINGS.	TEXT.
	REPORT of the Directors to be submitted to the second Ordinary General Meeting of the Company, to be held at the General Offices, 2827, Market Street, Manchester, on Thursday, 11th May, 19.., at 4 o'clock in the afternoon.
INTRODUCTION.	The Directors, in submitting their third Annual Report, together with the accounts for the year ending March 31st, 19.., regret to announce a loss for the period named, after having made the usual allowance for depreciation, etc., of £1,067. This is mainly due to the scarcity and consequent high price of raw materials which has continued for the past fifteen months. There is, however, every sign that in the near future other sources of supply of the necessary raw material will be opened, and further, the new season's crop promises well. Manufacturers confidently believe, therefore, that a material fall in prices will be shortly announced by the market.
ALTERATIONS.	Extensive alterations and additions are being made to the Company's factories, the effect of which will be to give increased production at practically the same cost as heretofore, and to make for increased efficiency in the forwarding department.
EXTENSION OF THE COMPANY'S OPERATIONS.	During the past year the Company has opened its own house at Hong Kong, and the results already prove the justification of such a course.
	Since the date of the last report, agents have been appointed at Buenos Ayres, Chicago, Constantinople, Capetown, and Melbourne.
DIRECTORATE CHANGES.	Mr. J. Schafenburg, a Director of the Company since its incorporation, has, owing to ill-health, retired from the Board. His regrettable retirement, though under the circumstances not unexpected, will be a distinct loss to the Company. To fill the vacancy thus created, the Directors have, in accordance with article 122 of the Articles of Association, elected Mr. Josiah Babbicombe as a Director of the Company.
DIRECTORS TO RETIRE.	The retiring Directors, Messrs. A. K. Williamson and Henry Molecole, are eligible and offer themselves for re-election.
AUDITORS.	The Auditors, Messrs. Truecheck & Co., of 911, Dale Street, Manchester, offer themselves for re-election. No nomination has been handed to the Company under Section 112 of the Companies' (Consolidation) Act, 1908.
ACCOUNTS.	The Auditors' Report is appended. A copy of the Profit and Loss Account and of the Balance Sheet accompanies this report. J. TRUELOVE, Chairman. T. HARDWORK, Secretary.

Limitations of space only permit of the following additional example of a report, but the reader is recommended to obtain and inspect copies of Market Reports of all descriptions, Annual Reports of Public Bodies, trading and otherwise, Parliamentary, Municipal and Consular Reports, etc. ; and to note particularly in each case the phraseology employed and the general information given.

MANCHESTER,

21st October, 19..

MARKET REPORT

COTTON.—During the week under review the Cotton Market further gained 9 to 10 points; after a slight reaction yesterday, caused by the limited Spot enquiry, the net advance is 6 to 8 points.

The feeling is quieter but the undertone is sustained by the fears of frosts and storms in the "Cotton Belt," and also by the continued independent attitude of holders of Cotton in America, who are demanding prohibitive prices.

The closing price of current month last night was 7.25, mid spot being 7.47.

The Cotton Market closed with near positions $3\frac{1}{2}$ points down, distant 1 to 3 down. October 7.21 $\frac{1}{2}$. Middling spot 7.40. Sales 8,000 bales.

CLOTH.—The high level of prices makes Cloth business very difficult, and there is little disposition shown to operate in goods of any kind, in advance of requirements, at current rates. Enquiry has kept up fairly well, but the turnover has been most disappointing, and the market generally is a difficult one to do business in.

FOREIGN TRADE.—China shows little life; ordinary and standard makes of staples continue to be entirely neglected. Isolated sales of Fancies are reported, but beyond this, business with that market may be regarded as practically at a standstill.

India furnishes a fair enquiry but trade is to some extent interfered with through holidays which extend well into next week. Calcutta is quiet but Bombay shows signs of promise, offers being much nearer to business than for some time past. Japan maintains a very passive attitude and the trade for the Straits and Java is not of much moment owing to the deficiency of offers. Rangoon is doing something in Fancies but the smaller outlets generally are operating sparingly.

The South American markets although promising are not so active as a few weeks back and only small transactions can be arranged.

HOME TRADE.—In the Home Trade a fairly good business continues to be done and the improved tone is well maintained.

BANK RATE.—The Bank Rate was further advanced to-day to 4%.

Yours very truly,

R. THANKET & CO., LTD.

CONDENSING LETTERS INTO TELEGRAMS.—In some business houses, it is frequently found necessary to telegraph somewhat lengthy particulars to customers and others, and this necessitates in the person despatching the telegrams, the ability so to prepare them that they will contain the fewest possible words consonant with clear meaning. This, of course, is done to reduce the cost. A person well versed in the art of précis writing should have no difficulty in such a matter, and the student is therefore recommended to read the remarks on précis writing in this work. Briefly stated, in the preparation of telegrams from lengthy matter of any description the following points should be observed, (1) omit all superfluous and unnecessary words, leaving only the bare facts but *the* facts, (2) assemble the facts thus constituted in unmistakable language and thus complete the telegram.

Example—

The following letter requires to be condensed into the form of a telegram—

Your letter of the 6th inst. to hand, but we regret we cannot execute at the prices named, on account of the rise in the prices of raw materials. As, however, this is a special case, we will accept the following prices, viz.—

J36/-

K38/-

subject to immediate reply by wire.

The telegram would read as under—

Market	considerably	advanced	absolute	limits
subject	to	immediate	wire	J
36/-	K	38/-		

PRÉCIS WRITING AS USED IN COMMERCE.—Précis writing gives an invaluable training to the person who may practise or use it, and it is of great value as a time-saver, especially to persons engaged in the higher branches of commercial life. Properly developed, the practice of the art will

- (a) Develop powers of concentration ;
- (b) Create and develop the ability to condense fulsome matter ;
- (c) Inculcate precision, conciseness and lucidity, especially in description ; and thus
- (d) Create the power to differentiate between the important and the unimportant.

COMMERCIAL USES.—It is used in condensing information which is required to be forwarded by telegraph, cable, etc. ; docketing or indexing correspondence and other documents for filing and other purposes ; summarising the contents of a series of letters, etc., on any particular subject ; summarising lengthy reports, newspaper articles, deeds of title, powers of attorney, agreements and other commercial documents ; in the preparation of resolutions for meetings and in presenting the substance of lengthy statements to Boards of Directors, Councils and similar bodies.

WHAT PRÉCIS WRITING IS.—Précis writing is the art of condensing or summarising lengthy statements, letters, etc., the condensation or summary thereby produced containing the essence of the original matter, all unnecessary matter being omitted. A précis must be complete and clear in meaning, and whilst it should be as far as possible in narrative form, instances of précis consisting of a series of disjointed sentences may frequently be met with in business. In either case the facts should generally follow in similar order to the sequence in the original matter.

REQUIREMENTS IN THE PRODUCTION OF A PRÉCIS.—The ability to produce a good précis demands the following—

1. A knowledge of the characteristics of language.
2. Concentration of thought.
3. A quick exercise of discrimination and judgment.
4. Method.
5. Practice.

It is recognised that most written matter, even of a business character, abounds in a superfluity of language, and this no doubt

is the cause of the more or less modern practice of some newspapers having a summary of news column, headed "In a few lines." The following characteristics of language may be noted—

Tautology.—A tautological expression is one containing a repetition of the same words or of words conveying the same meaning. Example:—"His policy is a wavering and unsettled one." "Wavering" and "unsettled" conveying the same meaning, it is not necessary to use both words.

Pleonasm.—Pleonasm exists where there are more words in a sentence than are necessary to convey the sense required, though such words may not be tautological. Example:—"The company's shares are quoted at 104, being 4 above par." The sense of the information would be sufficiently conveyed by simply saying, "The company's shares are quoted at 104," as any business man would know that such a figure is "4 above par."

Periphrase or *Circumlocution* is a roundabout way of expressing a statement.

Verbosity and *Ornament* explain themselves.

METHOD IN PRODUCING A PRÉCIS.—All matter of which it is desired to make a précis should be carefully read, the idea being to obtain the general purport of what the writer intends to convey. A second reading should readily reveal the important points and these should be underlined, whilst totally unimportant matter should be enclosed in a closed curve. The important matters thus indicated will form in themselves a précis which again may be capable of condensation. Another plan is to take a sentence, series of sentences or paragraph, and write down the sense indicated therein in the briefest manner. In any plan of condensation, the aim will be to delete tautological and other expressions above mentioned, leaving only the bare facts, from which a connected narrative can be outlined. There is no necessity to use in the précis, the same words as are in the original, except in the case of certain necessary facts, statistics, etc. It is the sense that is required. After considerable practice, many persons are capable of making a précis of lengthy statements, without notes, the process being to read and study the matter until it is thoroughly understood. Needless to say, ability in this direction can only be acquired by absolute concentration of thought, and as mentioned above—by practice. Whilst recommending generally that all précis should

be prepared in accordance with the above-mentioned suggestions, it is well to bear in mind that the use of shortened though disjointed sentences will often serve as a précis in a business house. This is specially mentioned for the reason that the production of a condensation or précis should never be made in any degree a laborious duty in the office.

INDEXING PRÉCIS.—When a précis is required of several documents bearing on the same subject, an index is often made, in order to facilitate reference to each document. The following is the usual form—

No. of letter or document.	Date.	Names of Correspondents.	Subject matter.
----------------------------------	-------	-----------------------------	-----------------

Under the heading of "subject matter," only a very brief statement should be given, say, one sentence for each letter or document. This sentence should be in the present tense, commencing with a present participle. The précis proper is generally written in the past tense.

QUESTIONS

1. State for what purpose Circular Letters are useful, and give specimens notifying the opening of a branch house.
2. Write a short essay on method in "Drawing up Reports."
3. Draw up a Report of a Committee on the "Desirability of acquiring additional premises in consequence of the increase in the company's business."
4. Condense the following into a telegram—

Your samples of paper received. Do not forward the twenty bales as the qualities are much inferior to those hitherto supplied. We could not use such qualities. It is better for you to re-make provided delivery is guaranteed by 1st May. Wire your answer so that we may communicate with our customers.

5. Condense the following Market Report into a Telegram—

LIVERPOOL COTTON EXCHANGE

The Liverpool cotton market opened surprisingly strong. The initial rates were seven points' rise, followed immediately by another six to seven points advance. The feeling was expressed that spinners must come in at about the present prices, and there seemed no one with the disposition to sell cotton. On the other hand, there was a marked inclination to get hold of cotton. There was the further help of orders in to buy, both from America and the continent. The afternoon market was fairly active with a tendency to ease off a little. The finish was ten to twelve points up on the day.

6. What is Précis Writing, and what advantages are to be obtained by a training in the art of Précis Writing ?
7. In what way is Précis Writing of use in business ?
8. What are the chief matters to be borne in mind when making a précis ?
9. Of what use is an Index in Précis Writing ?
10. Write a précis of the following paragraph—

For many years now commercial men have been crying out about the charges of the railways, and the companies in reply say the cost of the extensions to cope with the ever-increasing traffic is so great that they cannot reduce the charges. At the present time a Royal Commission is sitting and making inquiry as to whether it is possible by resuscitating the canals, to again reduce the cost of transport. It is too early yet to foretell the results of their labours. Many witnesses are confident that if the British waterways can be enlarged and placed in as good a condition as those in France, Belgium, and Germany, they will again become lucrative concerns for the country at large, by reducing the cost of transport and relieving the railroads of the bulky traffic by which they are at present so much troubled, on the principle that no one thinks of driving to the station in a lorry while sending bales of cotton in a hansom cab. Other witnesses contend that any general enlargement of canals would be wasted money. Probably the correct solution of the problem will be found in some medium

course, and the decision of the Royal Commission will be awaited by all interested with considerable anxiety.

11. Write a précis of the letter on page 25.
12. Write a précis of the market report on page 35.
13. Make an Index and write a précis of the following correspondence—

(a) Letter from Messrs. Swann & Edwards, Burnley Road, Preston, to the Bradford Woollen Cloth Co., Market Street, Bradford.

7th May, 1909.

Dear Sirs,

We have your letter of the 1st inst., with invoice for woollens, but regret to say the bale has not yet been delivered. The delay is causing us inconvenience, and we shall be glad if you will communicate with the railway company with a view to securing immediate delivery.

Yours faithfully,

(b) Telegram from the Bradford Woollen Cloth Co. to Messrs. Swann & Edwards.

8th May, 1909.

“Letter received matter having attention.”

(c) Letter from the Bradford Woollen Cloth Co. to the Goods Manager, Yorkshire Railway Co., Bradford.

8th May, 1909.

Dear Sir,

On the 1st inst. we consigned a bale of woollen goods to Messrs. Swann & Edwards, Burnley Road, Preston. They write us to say that the bale has not yet been delivered. Will you please make enquiries at once, with a view to delivery being effected. Yours faithfully.

(d) Letter from the Goods Manager, Yorkshire Railway Co., to the Bradford Woollen Cloth Co.

10th May, 1909.

Dear Sirs,

On enquiry I find that the bale consigned by you on the 1st inst. was delivered to Messrs. Swann & Edwards,

Preston, on the 3rd inst., the delivery sheet being signed "J. Smollett." Yours faithfully.

(e) Letter from the Bradford Woollen Cloth Co. to Messrs. Swann & Edwards.

11th May, 1909.

Dear Sirs,

Reverting to your letter of the 7th inst., the Goods Manager here informs us that the bale was delivered to you on the 3rd inst., the delivery sheet being signed "J. Smollett."

It seems likely that the goods have been mislaid in your warehouse. If this is not so, please wire us immediately, when we will take the matter up again with the railway company. Yours faithfully,

(f) Letter from Swann & Edwards to the Bradford Woollen Cloth Co.

12th May, 1909.

Dear Sirs,

Replying to your letter of yesterday, we have to say that the signature of "J. Smollett" on the delivery sheet of the 3rd inst. was not for the bale consigned by you, but for a parcel consigned to us by another Bradford firm.

The goods despatched by you on the 1st have reached us this morning. We hope you will call the attention of the railway company to the delay, which, as we have already stated, has caused us a good deal of inconvenience.

Yours faithfully,

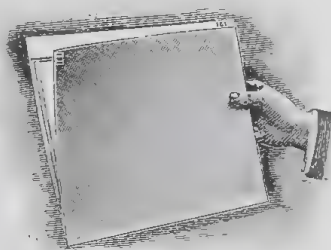
(L. C. U., 1910.)

CHAPTER IV

FILING AND INDEXING OF CORRESPONDENCE

DURING recent years the filing of correspondence and other documents has received marked attention at the hands of business men. In the old days, when competition was not the factor it is to-day, and when consequently margins were larger, the habits of business men generally were slow, and time was at a discount. To-day, time is money, and business men cannot afford to lose time searching for this or that letter or document. There is now, therefore, a general tendency to adopt all manner of time-saving devices, and in the modern office will be found the most up-to-date arrangements for filing and indexing correspondence, etc. It is only in the few offices, where the floor, the open shelf, the box, or the pigeon-hole systems are in vogue. The majority of offices contain the "cabinet" kept on the horizontal or vertical system. Neither system is new, but their full development may be said to have taken place only within recent years. Practically all modern systems of filing are on the basis of the horizontal or vertical methods, but the selection of one of them must rest with the persons immediately concerned. Each has advantages, but the experience of the author of this section favours the use of the vertical method for general purposes. Whatever system is adopted, there are certain important facts to be borne in mind. There should be, where possible, one person having charge of the filing of all documents, who, though he may not file everything, will see that the system is worked properly and consequently that the "file" is always in proper order. No system, whatever may be claimed for it, can work automatically. There must be *some* supervision at least, and in the case of filing, the person in charge should see that there is strict adherence to the methods adopted. He it is generally who will determine under what "headings" the documents should be filed, but occasionally he will find it necessary to consult with those having use of the documents as to proper titles for "headings."

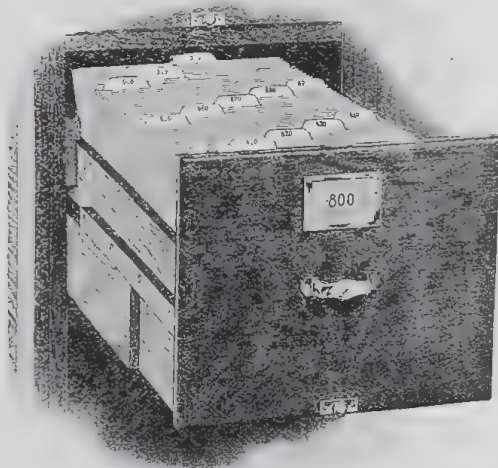
THE VERTICAL FILING SYSTEM.—The fundamental idea is to bring together, in one folder, all letters to and from each correspondent, or referring to any given subject. To do this, copies of outgoing letters are taken by carbon process by typewriter, or by



Kindly lent by "The Library Bureau, Ltd."

machine copier. Each copy is placed with the letter it answers. Folders are filed vertically in the cabinet drawer so that any folder may be taken out and put back without disturbing the others.

NUMERIC FILING.—Numeric filing is for most businesses the most practical and scientific, and is most widely used. It simplifies



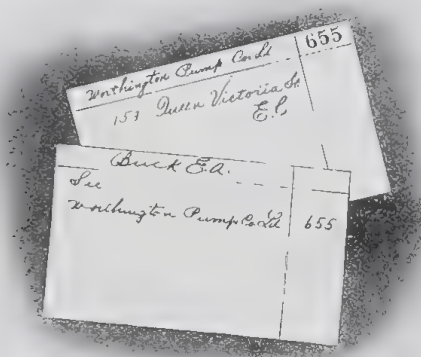
Kindly lent by "The Library Bureau, Ltd."

the most complicated correspondence, and ensures absolute accuracy and quickest reference. The folders containing the correspondence

are usually of tough manilla, uniform in size and numbered consecutively from 1 upward, in the file. The letters are placed in order of date, those of latest date being in front. Every letter received and copy of every answer sent are marked with the number of that correspondent's folder, and the person who files goes simply by the number.

The indexing of correspondence is done by means of a card index, referred to on page 49.

CROSS-REFERENCE.—Cross-referencing is one of the time-saving features of vertical filing. A letter involving more than one name or subject is indexed under the most important. Other index cards



Kindly lent by "The Library Bureau, Ltd."

are made out for the other leading names or subjects, and simply refer to the principal heading and the number of its folder. By this means any individual letter may be located instantly, no matter whose signature it bears or under what subject it has been filed.

Example—A letter is received for the first time from E. S. Tempest, of the Northern Electric Lighting Co., Ltd. A card is made out with the name of the Northern Electric Lighting Co., Ltd. ; the letter is filed in the folder of the same number, and the copy of the answer and all subsequent correspondence relating to the concern, although written by or addressed to Mr. Tempest are filed in the Northern Electric Lighting Co.'s folder.

At the same time, a card is made out with Mr. Tempest's name

and a reference to the Northern Electric Lighting Co.'s folder, so that either name in the index will guide to the Northern Electric Lighting Co.'s folder.

If correspondence develops with Mr. Tempest individually, a number is assigned him and appears at the top of his card, the Northern Electric Lighting Co.'s number still remaining as a cross-reference, so that no letter can be overlooked through filing under the wrong name.

SUBJECT INDEXING.—Frequently a subject referred to in correspondence is of greater importance than the name of the writer; for example, some important contract or particular line of business, which it is desired to keep trace of. In such a case a numbered index card is made out with the name of the subject. All letters or papers relating to it, irrespective of the individuals by or to whom written, are marked with the same number and filed together in the same folder.

ALPHABETIC CORRESPONDENCE FILING.—Alphabetic filing, by name of correspondent or subject, without a card index, is suitable for some business houses. A folder is assigned to each correspondent or subject, whose name is written on the projecting back edge of the folder. The folders are filed alphabetically with alphabetic guides. Detached sheet copies of outgoing letters are taken, and are filed in order of date in each folder with the letters received.

GEOGRAPHIC AND ALPHABETIC COMBINED.—In businesses where territorial conditions are of leading importance, correspondence may be filed on a geographical basis. The plan is exactly the same as alphabetic filing except that the file is divided by guides for the counties and subdivided by guides for towns, folders being filed alphabetically behind each guide.

CORRESPONDENCE OF TEMPORARY VALUE.—When it is desired to separate correspondence of only temporary interest, such as requests for samples, etc., from that of permanent value, the former may be arranged alphabetically in a separate drawer of the file whether the regular file is numeric or alphabetic.

Correspondence which is dead or out of date, is removed from the folders at convenient intervals, and filed in numeric order in a transfer file or in transfer boxes.

FOLLOW-UP SYSTEM.—This, as its name implies, is a system of following up a likely track of business. Thus, an enquiry may be

made for samples, price lists, etc., prompted perhaps by an advertisement or some form of recommendation. This is probably attended to by the seller of such goods, who not content with simply forwarding samples, etc., and waiting patiently for an order, makes a careful record of the matter.

This can be efficiently done by means of the card index system, using a card similar to the following, which can be varied to suit practically any form of business.

NAME_____			Rating_____
ADDRESS_____			A/c opened_____
_____			Terms_____
BUSINESS_____			_____
Date.	Particulars of Patterns sent.	Prices.	Remarks.

When the particulars are entered on the card, the latter is placed in a card index reminder case, or as it is often termed, a "tickler." Assuming that samples have been sent on a certain date, say July 1st, it is expected that in the course of a week or ten days some reply in the nature of an order will be received. The interval between the despatch of the samples and the probable date of receiving an order will vary with (1) the distance the samples have to be sent, and the impression they give to likely buyers, after comparison with similar goods, (2) the particular class of trade, (3) the general demand for such goods. Assuming that samples have been sent on July 1st, an order might be received about July 10th, and a reminder card is therefore placed after the date card in the tickler bearing the date July 10th, so that on that date if the order has not been received previously, attention is at once directed to the fact by the person whose daily duty it is to examine the tickler. If prior to this date a representative has not visited the firm indicated, the next move will be to forward a follow-up letter, that is, a letter reminding the addressee of the fact that samples, etc., were sent on July 1st and asking perhaps whether a further selection might be sent, and possibly mentioning other

particulars. A follow-up letter is often termed a "selling" letter and requires careful compilation. Many of these are in the nature of "form" letters referred to under the heading of "circulars" in this work. They should be framed in such a way as to attract, persuade and convince the intended recipient. Letters may be followed up by the call of representatives or by further letters, the idea being that the movement having started it must not end until an order has been received, and once a customer is secured, no efforts will be spared to maintain the custom.



REMINDER CASE (OR "OFFICE TICKLER")

Particulars of letters, quotations, price lists, samples, etc., sent out will be noted on the card index.

The following is an actual "follow-up" letter, but the penultimate paragraph is one not generally to be recommended—

THE A ENGINEERING CO., LTD.,
ENGINEERS & IRONFOUNDERS

KINGSWAY,
BIRMINGHAM.

10th April, 19..

F. G. CLOWES, Esq.,
275, Higher Denton Street, Manchester.

Dear Sir,

Some time ago we had the pleasure of sending you particulars of our Engines, and trust that our catalogue proved of interest.

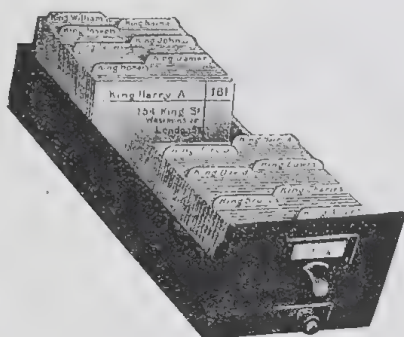
We think that there may possibly be some further information which you require to enable you to arrive at a decision in the selection of a suitable Engine.

If you will be kind enough to give us particulars of any points on which you desire information, we shall be only too pleased to go fully into matters with you, and to quote you in detail for an Engine to meet your requirements as closely as possible.

Should you have placed your order elsewhere, or decided to postpone your purchase for the present, we should be very much obliged if you would be kind enough to let us know.

We trust, however, that we may shortly hear favourably from you, and assuring you at all times of our immediate and special attention,

We are, Yours faithfully,
THE A ENGINEERING CO., LTD.
M. GREENLAW.



Kindly lent by "The Library Bureau, Ltd."
CARD INDEX DRAWER

CARD INDEXING.—Strictly speaking, the card index is not a modern invention, but its full development may be said to have taken place only within recent years. It is used for a variety of purposes, among which may be mentioned the following—

Indexing correspondence,

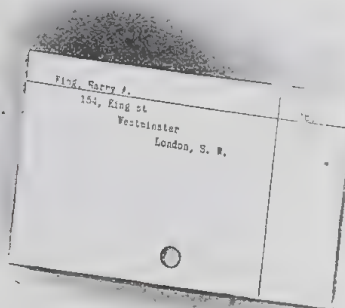
„ documents of all kinds,

„ books.

Recording transactions of any nature.

„ enquiries, quotations, costs, expenses, advertising data, sales and purchases, particulars re employees, reports, contracts, samples, patterns, etc., etc.

The most common use of the card index is in connection with correspondence. One card is made out for each correspondent or subject, bearing name and address and number of that correspondent's or subject's folder in the filing cabinet, drawer or other receptacle. This card is filed in an Index Box or Tray, alphabetically. To find the number of the folder, drawer, etc., containing any desired correspondence, reference is made to the index card, which latter when once made out indexes a correspondent or subject for all time. This index in due time has an additional value as a complete list of addresses of all persons or firms with whom business is transacted, and memoranda made on the card give condensed information concerning the person or firms it represents. The following is an example of an index-card for correspondence purposes—



Kindly lent by "The Library Bureau, Ltd."

The next card may serve for a variety of purposes. It may be used by a business house in connection with a "follow-up" system (see page 46). It may simply be used as a record to show from whom certain classes of goods are purchased, and to whom certain classes of goods are sold. Further, it may indicate the terms of any account, whether of buyer or seller, and where desirable, the amount of business done.

In the Secretarial Departments of Limited Companies the card system is often adopted for recording various particulars referring to Share and Debenture holders, and the number of shares or debentures held by them, the same form also giving other necessary particulars required for a Register of Members.

NAME *Drawer, Pullhard & Co.,*

Address *2994 Market St., Manchester.*

Style of Trade *Home Trade and Shipping.*

House No. *221.*

Date A/c opened. *May, 19..*

Terms. *usual.*

Maximum Business
ever done in a Year *£5710.*

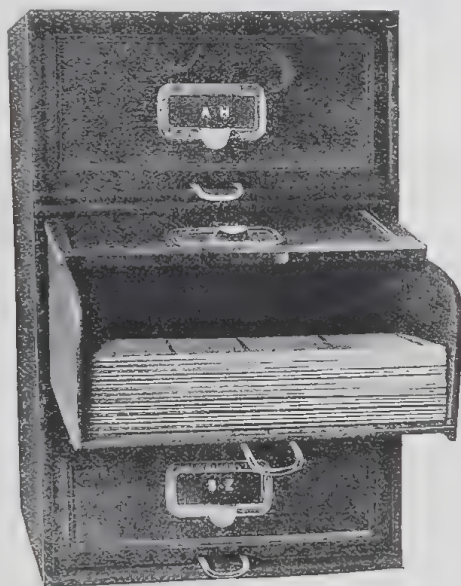
IN CASE OF SHIPPERS STATE:—

Where Shipping to.	If Travellers, how many.	Where located.
<i>Continent and Colonies.</i>	<i>Seven.</i>	<i>London, Glasgow, Leeds, Birmingham.</i>

Date.	Dept. Letter.	Styles of Patterns sent.	Value of Patterns.	Remarks.	Date.	Dept. Letter.	Styles of Goods on which orders have been received.	Amount.
19.. <i>Oct. 27</i>	<i>A.</i>	<i>F 22, F 23, F 24.</i>	<i>10/-</i>	<i>Delivered by I. J.</i>	<i>Nov. 7</i>	<i>D.</i>	<i>D 294, F 763.</i>	<i>120 0 0</i>
.. 28	<i>D.</i>	<i>D 294, F 763, R. 241.</i>	<i>25/-</i>					

HORIZONTAL FILING.—As was mentioned in the early part of this chapter, there is another method of filing besides the vertical system already dealt with. The "horizontal" method of arrangement is not in so much favour in modern offices as is the vertical method, though there are circumstances in which the former is on the whole preferable, for example, in the filing of large papers or documents such as maps, plans, and photographs of large dimensions.

The chief difference between the two rival methods of filing is



(Stolzenberg Patent File Company.)

indicated by their names—"horizontal" and "vertical." In the case of the former, the files or "folders" are placed flat, either on top of one another, or on trays or shelves, with tabs or labels enabling ready identification.

The arguments used against the adoption of the horizontal system are that it wastes time, necessitates special and expensive furniture, and is very easily disordered. It need not, however, involve these disadvantages. Filing cabinets, as shown in the illustration above, take the place of drawers, and there may be

extra trays and some extra shelving. But in practice it is found that, with an up-to-date system, there is no appreciable loss of time in finding and consulting individual files. Nor does the plan, when properly and thoroughly carried out, necessarily lead to disorder or involve any greater danger of disorder than does the vertical method.

Our illustration shows the arrangement of a useful filing cabinet. It is so designed that the whole of the contents of any section are viewed at once, whereas an ordinary drawer would, of course, show only the file at the top. The files are stored horizontally with their back edges turned outward, and on pulling forward the tray, the front automatically rises, displaying the whole of the contents of that particular section. These filing cabinets, being constructed on the unit or building-up plan, permit of constant extension either laterally or vertically.

QUESTIONS

1. What is Filing? Describe any method of filing with which you are acquainted.
2. Write a short account of Vertical Filing.
3. What do you understand by "Flat" or "Horizontal" Filing?
4. What is Indexing? Define the use of a Card Index.
5. State what you understand by Cross-Reference with regard to filing.
6. "Correspondence may be filed on a geographical basis." What does this mean, and to what kind of business could it be applied?
7. What is understood by the "Follow-up" System? Give a short account of the working of such a system.
8. Give the characteristics of a good "Follow-up" letter, and state the purposes for which such letters are used.
9. Write a short account of Card Indexing, specifying its advantages and disadvantages (if any).
10. Enumerate a few of the uses to which a card index may be put.
11. Suggest a suitable method of filing correspondence or papers which are of temporary value.
12. How would you deal with correspondence which is "dead" or out of date?

CHAPTER V

DUPLICATING—ADVERTISING—CATALOGUING—CORRECTING PROOFS, ETC.

DUPLICATING, or the taking of more than one copy of a letter or document, is performed by the following methods—

Press Copying, Gelatine Process, Carbon Copying, Stencil, Lithography.

PRESS COPYING.—In addition to the somewhat old-fashioned copying press, there is now the machine copier, the principle of which is to compress the ink from the original letter on to a piece of thin or flimsy paper. By press copying as many as six clear copies can be obtained. Both these matters are dealt with on page 2.

CARBON COPYING.—Sheets of carbon of any desired colour are placed between two or more sheets of paper according to the number of copies required, the limit being about six copies at one operation when ordinary carbons and paper are used. If, however, thin carbons and flimsy paper are used, as many as twelve copies may sometimes be made. Carbons should, in the case of typewritten documents, be semi or half-carbons, that is, with the coating only on one side. Memo and telegram forms in duplicate or triplicate are often produced by this method.

GELATINE PROCESS.—There are many devices on the market on the principle of the gelatine process, the Hecktograph and the Manchestergraph being well-known examples. This outfit consists of a tray or box containing a plain surface of gelatine (variously composed). The matter intended to be copied should be written with a special ink sold with the outfit (aniline ink) on ordinary glazed paper. When the ink has dried naturally, no blotting paper being used, the paper is placed surface downwards on the gelatine, and allowed to remain there for a few minutes. This gives a negative impression on the gelatine. Copies can then be made by placing sheets of paper on the negative and exercising gentle and even pressure over the paper by a roller. The impression

is soon made. The number of copies that can be made from one negative will vary with the quality of the ink and the care exercised in the process, but from thirty to fifty can often be obtained. In most gelatine processes, the negative can be washed off with a sponge and warm water. After much use, the surface often becomes uneven, in which case the gelatine should be melted, not boiled, and after it has cooled, a new surface will be obtained. Specific directions are given with each apparatus.

STENCIL COPYING.—This method of copying is probably the most suitable process of obtaining multiplex copies of documents, and by it several hundred clear copies may be obtained of any handwritten or typewritten work. The Mimeograph, Ellam's



Duplicator, and the many rotary machines are all on the principle of the stencil. In preparing hand-written stencils, the writing is done by a style or stylus, on specially prepared paper, sometimes called a wax sheet. This paper rests on an engraved plate and in the process of writing with a stylus it becomes perforated, thus causing a stencil. When completed, it is firmly placed in a rack or printing frame, beneath it being a plain piece of paper on which the impression is to be produced; a uniformly inked roller is passed over the stencil and this forces the ink through the perforations on to the paper beneath, an exact copy of the original being thus made. Until the impression is uniform, a piece of blotting paper

should be placed beneath the stencil, and this will take off the superfluous ink. The Roneo and the Gestetner Duplicators are used mainly for multiplying copies of typewritten matter, and the proprietors of these machines instruct the clerks of their clients in their use.

LITHOGRAPHY.—Where lithography is employed in the office, it is mainly for illustrative work, drawings and plans. Lithography is a printing from stone, which stone is somewhat porous, and which will rapidly absorb grease. A drawing of whatever is required is made upon the stone by a pen or brush with very greasy ink; a wet roller is then passed over the stone and this causes the parts not inked to become damp. It will thus come about that part of the stone has absorbed grease, and the other part water. A roller covered with ink passing over the stone will leave the ink on the greasy portion, and from this by pressure the copy is produced on paper. Special care must be exercised in this process, and as copying by lithography is usually for important work, it should not be entrusted to untrained persons.

Another method of taking copies of drawings or plans is by means of sun prints, or taking prints by electric light.

The drawings are copied or traced by hand on to transparent paper or cloth called tracing paper or tracing cloth. Each drawing or plan is placed in a glass frame, and specially prepared sensitized paper is fixed at the back of it. A few minutes' exposure to the sun will give the necessary impression. The copy is then toned in a similar manner to prints taken by the ordinary photographic process. Where the copy is to be made by electric light, the drawing and printing paper are placed in a revolving frame or cylinder of glass, inside which is fixed an arc light operated automatically.

ADVERTISING, CATALOGUING, ETC.

It is too late in the day to consider whether advertising is essential in business. It is unquestionably necessary in almost every business undertaking. What have now to be considered by the business manager, head of a firm, etc., are the following—

1. The method of advertising.
2. The cost of ,,
3. The results of ,,

Each of these must be considered separately, and at the same time the whole collectively. For instance, the cost will vary according to the method and the extent, etc.; yet, on the other hand, the method may be decided by the amount of money a firm is willing to spend over any particular period, and again, the method may be changed following on the results. Further, it may be found that the results do not justify the cost and so on.

METHOD.—Practical advertisement is created either from the ideas of those manufacturing or dealing in certain articles which they wish to dispose of, or by advertising agents on their behalf. For extensive advertising, it is often wise to consult advertising agents, many of whom are recognised as experts in all matters affecting publicity, yet it should not be forgotten by business men that they may have on their own staff a person or persons capable not only of producing sound matter for advertisement, but who may be able to organise a scheme of publicity suitable for their needs. In the latter case, the person referred to would himself be, or would probably become, an advertising specialist. There is a small class of people known as advertisement writers, who furnish ideas for advertising agencies or traders, and undoubtedly what may be termed the art of advertisement writing has been seriously cultivated by many people during the past ten years, but whilst serious study in connection with advertising may produce a good deal in regard to organisation and method, it will, in many cases, produce little in the way of an advertisement which can in any way be termed striking, the reason being that the imagination so necessary in such a case is of a character with which everyone is not gifted. Further, a person with a very genius for imagination may find it of little use if he be confined to drafting advertisements which are expected to increase the demand for some one particular commodity, the reason being that his ideas may only be effective when applied in certain and other directions, for naturally, an advertisement drawing attention to the special qualities of a certain brand of soap, will materially vary in form from that to be observed in an advertisement referring to works of art.

A striking advertisement is that which attracts the most observers, and in due course increases business, but such "advertisements" cannot be "made to order," and thus, whilst very large sums may be spent in the production of an idea which may ultimately prove

useless, other ideas brought about as the result of accident or inspiration, and costing little to produce, may become constant "business bringers."

Of recent years artistic methods of advertising have been much to the fore, and if much further extended, many of the hitherto unsightly hoardings will be unsightly no more. There is, perhaps, a reflection in this connection, when it is remembered that well-known and distinguished pictures have been secured by manufacturers and others in order that copies may be produced, such copies being associated with the names of various brands of well-known goods required in the household, etc.

To be attractive an advertisement must show some individuality, "it must explain and exclaim." Thus a well-reproduced work of art will readily catch the eye, but so may something bold, grotesque, and peculiar. It follows, therefore, that in attempting to frame advertisements, a person must possess a knowledge of the traits, mannerisms, and requirements of the people he wishes specially to attract—in short, a knowledge of the principles of psychology.

The media of publicity are now extensive; newspapers, magazines, circulars, pamphlets, books and booklets, handbills, window bills, hoardings fixed in every conceivable position—in the street, tram-car, railway station, railway track and seaboard, indicate earnest efforts to create or increase a demand for something or other. The house to house sample delivery system, the free diary, captive balloons and kites, theatre screens, revolving lights, and the inevitable sandwich man, are also media having the same object. It is not intended here to give any idea of the form most suitable, so much depending upon circumstances.

COST.—Where an article of everyday use is to be supplied, advertising will probably be extensively carried out, and, generally speaking, it will pay to do it, but much loss is often sustained by injudicious arrangements, *e.g.*, by selection of the wrong media; in undertaking publicity on an extensive scale, without having had previous experience; in not keeping a proper check on rates, position, etc. It is perhaps well, therefore, that when any extensive scheme of advertising is intended, the services of an expert should be obtained. With regard to checks, an inspector is often appointed, whose duty it is to examine the advertisements, however arranged and wherever placed, and to facilitate the work, specialists in

Key No.

Inches

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
------	------	------	------	-----	------	------	------	-------	------	------	------

[illegible]

Address

Began

Space

No. Times

[illegible]

systems of Card Indexing have taken great pains to provide suitable card rulings, examples of which are given on the previous page.

RECORDING RESULTS.—Many attempts have been made from time to time to record results of advertisements, but nothing very material has been achieved, or is likely to be achieved by such attempts. Careful keying of advertisements does not always produce very definite information. Among other forms, the coupon system holds a fairly important place in this connection. The coupon may appear in twenty different newspapers, each coupon bearing the same information (*viz.*, that on forwarding it to the proprietors, the reader will obtain a special sample, etc.), with the exception that a different letter or box number will be given in each paper. When the replies are received, a note is made of the numbers received in respect of each paper, and the inference is that the paper bringing the greatest number of coupons is the best medium for advertising, or that the district in which it circulates is one of the most likely for the sale of the particular goods. These are, however, questionable conclusions. Many people would never take the trouble to cut out the coupon and forward it, and again many people once having had a sample would perhaps never wish to have it again. Readers of one paper are sometimes asked to address their communication to a particular number of a certain street, say No. 20 Higher Henry Street, Lincoln; readers of another paper may be requested to forward to No. 22 in the same street; and those of a third paper to No. 24. All these letters would arrive at one address. This produces a result similar to the coupon system. On the same principle, department letters and numbers are often used, or applicants are directed to ask for Catalogue No. 8, or whatever other number is used to distinguish the advertisement. The "name this paper" idea, as a Key, now produces but little satisfaction. Another method is to have a different name inserted in each paper in which the advertisement appears, the address being the same. Similarly, different spellings of the firm name are sometimes adopted. It frequently happens that a publication fruitful in replies is poor in regard to orders emanating therefrom. Another method of gauging results is by arranging with newspaper and magazine proprietors, for competitions to be held, asking readers what they consider the most popular article advertised. Newspaper competitions, in the form of essays, are also arranged,

giving the experience of users in regard to a particular commodity. This gives, perhaps, some indication both as to the number and the class of people using it. In order to indicate whether certain goods have "caught on" in certain localities, traders will make arrangements with shopkeepers (by payment of a fee) by which each customer purchasing a particular article will be asked the reason why he buys it, and to such questions may be offered replies like the following:—"Been recommended"; "Smart appearance"; "Good quality"; "New stuff"; "Suitable"; "Attractive"; "Answers the purpose"; etc.

CATALOGUING.—In Mail Order and many other businesses, the preparation of catalogues is a matter of some importance. A catalogue is a combination of advertisement, circular, price list, price current, etc. Its preparation involves considerable time and trouble if it is to be in any sense effective. The person having charge of its compilation will request the Department Heads of his firm to furnish him with a list of the goods they desire to offer, together with a full description of their qualities, prices, and other important data. If there be an Advertisement Writer, he should submit samples of advertisement suitable for the several classes of goods to be offered. The compiler will also have to consult with the Cashier or General Manager as to insertion of terms of payment, whilst in another direction he will ask for information from the Forwarding Department as to the method of despatch, rates of carriage, etc. Where illustrations are required, it will be the duty of the compiler to see to the blocks being prepared. A very important matter is the compilation of the index, which should at all times be thorough. It is well known to business men that a complete index considerably enhances the value of a catalogue. The compiler should be familiar with the particulars mentioned in this work regarding "Correcting proofs." It is perhaps needless to add that catalogues intended for despatch to a foreign country, should be printed in the language of that country.

Another consideration respecting catalogues is their use when received by business men. Those which are deemed of no use are immediately disposed of, others are specially examined and kept in boxes, files, or cabinet drawers, to which a properly compiled index is made. It frequently happens that certain matters referred to in the catalogues are of special value, and these may either be

cut out or reference made to them in the index, of their page numbers. The card system is, generally speaking, the most satisfactory form of index, the cards containing the same information as an ordinary catalogue index. Classification of catalogues is, of course, of primary importance, and this will depend upon the nature of the business and the information which is of value. The reader is referred to the preliminary pages of a good library catalogue. These will furnish useful hints on indexing generally.

CORRECTING PROOFS.—The preparation of matter intended for publication, usually called manuscript (MS.) or "Copy" (as it is called by the printer), is an important matter, and where circulars, price lists, prices current, catalogues and advertising matter are issued by business houses, it will probably be the specific duty of a member of the staff to prepare such matter. The following general observations may be noted in regard to it.

All matter should, as far as possible, be typed.

Only one side of the paper should be used, and a fair margin should be left on either the left or the right of the paper—usually the left.

Double spacing or Treble spacing should be employed between the lines.

The size of the paper should be either foolscap fo or quarto.

Where extensive alterations are made it is better to re-type the page.

As far as possible, each page of type should contain approximately the same number of words, so that the total amount of matter may be readily gauged.

Particular attention should be given to references and quotations, to names of places and other proper names, foreign words, etc.

A line drawn under a word in the copy signifies that it is to be printed in italic type; two lines represent small capitals, and three lines large capitals. Where the size of the type is to be determined by the author instructions should be definitely given by him as early as possible.

Punctuation is an important matter, and the compositor is supposed to carry out the ideas of the author in this respect.

Where words may be spelled in two or more ways, care should be taken to see that one form only is adopted universally throughout the work.

Quotations from any source should be fully acknowledged and typed inset with single spacing.

The arrangement of paragraphs, insets and illustrations should be carefully considered and determined before any manuscript is forwarded to the printer.

When forwarding manuscript, a full statement should be given as to the matter sent, name of the sender, and also instructions as to where proofs must be delivered.

On receipt of proofs from the printer, every letter should be carefully examined, and where considerable corrections are made, a second proof, usually termed a "revise," should be asked for. It is rare that a second revise is necessary. When the proofs are correct, they should be marked on the face with the words "Print off," together with initials of author and date.

CORRECTION OF ERRORS.—*Omission of a letter or word.* Draw a caret thus \wedge where the omission occurs, and write the correct letter or word in the margin.

Omission of a space. Place a caret where the space is required, and put the following sign in the margin $\#$

Omission of a comma, etc. Mark a caret where required and make the correction in the margin.

Phrase or sentence. Where the omission occurs, place a caret and put the correct matter in the margin. If there is not sufficient room, draw a line from the caret to the top or the foot of the page, making the correction there.

Hyphen or dash, etc. Place a caret in the place of omission, and in the margin show the hyphen or dash between vertical lines thus $||-||$

Superfluity. Of a letter. Draw a vertical line through it and in the margin write the word "Delete" or "Cancel" or "dele" or the following sign \mathcal{J}

Of a word. Draw a horizontal line through it and proceed as in the case of a superfluous letter.

Space. Make a curve from letter to letter or word to word where the space occurs, and in the margin place a similar curve.

Punctuation marks. Draw a vertical line through the wrong punctuation mark, and write the correct one in the margin.

A full stop should be encircled.

Change of characters. Draw a vertical line through a letter and a horizontal line through a word, and in the margin write—

Where capitals are wanted “Cap.”

If small capitals are wanted “Sm. caps.”

For italics “Ital.”

For altering the type of any word to that which is contained in the body of the matter, write “Lc.” (lower case).

If a capital letter is required instead of a small letter, place a capital letter in the margin, or write “u.c.” (upper case).

Wrong letter or word. Draw a vertical line through the wrong letter and a horizontal line through the wrong word, and write the correct word in the margin.

Letter reversed. Underline the letter reversed, or as it is called, “turned,” and make the following sign in the margin 9

New paragraph. Place a square bracket or crochet thus [or | before the word which is to commence the new paragraph, and place a similar mark in the margin.

Connecting paragraphs. Make a curved line from the last word in the first paragraph to the first word in the next paragraph, and write in the margin “Run on.”

Words in wrong position. Encircle a word or words not in correct position, and make a line from the circle to the required position, making a caret at that point.

Uneven line. Place a short line above and below the letter or words which are uneven and place the following sign in the margin =

A bad letter. Place a horizontal line above and below it and in the margin make a cross.

Wrong fount. If the wrong type has been used either in size or style, draw a horizontal line under the letter or word, and write in the margin “w.f.”

Stet. If a word, phrase or sentence has been cancelled, and it is found desirable to retain it, place dots under each letter and place the word “stet” in the margin.

Where spaces between words in one line are not equalised, put \wedge at each space referred to, and write “Eq” in the margin.

Example follows—

EXAMPLE

i/ Every applicant for admission to Membership of the *italy/*
Society shall sign an undertaking to observe the rules
and regulations of the Society for the time being in force

se/ Fellows whose subscriptions are not in arrear shall be *d #*
entitled to use the following distinctive letters.—
s/ F C T Associates whose subscriptions not in arrear shall be *are/*
i/ entitled to use the following distinctive letters —A.C.T.

The Membership may be terminated by the Executive if his sub- *of any person*
scription for any year remain unpaid on the 1st January *italy/*
next following. [Any member desiring to retire from the
Society shall give written notice to that effect to the
General Secretary on or before the 31st March, otherwise
his ~~the~~ subscription for the subsequent year shall be *=*
payable

F/ Subject to Article 11 hereof, every fellow or Associate of *i/*
society the Society (whether a Shareholder or not) shall pay an *,/*
annual subscription of Ten shillings and sixpence, or such
other entrance fee or annual subscription as the Executive
or the Society in General Meeting shall from time to time
determine. The annual subscription shall be due on the *o/*
day of election and on each subsequent *=/* 1st July

Any Member discontinuing his TEACHING engagements *l.c./*
(of which notice must be forthwith given to the General
Secretary) may continue his Membership of the Society

Each Member shall be supplied with a certificate of *trs./*
Membership which the property shall be of the Executive *9*
of the Society, and shall be returned to the Executive on
cessation of Membership.

subject to the approval of the
Executive,

QUESTIONS

1. Describe the process of copying by means of carbons.
2. How would you proceed (a) to press-copy a letter ; (b) to duplicate 200 copies of the same ?
3. Explain the methods of obtaining fifty copies by either (1) the gelatine process ; (2) by means of a wax stencil.
4. What process of duplicating would you use if you required 3, 20, 100, and 1,000 copies of different documents ?
5. For what purposes is lithography used in an office ? Describe the procedure.
6. What is the object of advertising ? Specify some of the methods adopted.
7. If you advertise an article in twenty different papers, how would you trace the result of each advertisement ?
8. If you were making a catalogue of a draper's stock, on what plan would you proceed ?
9. What do you understand by correcting proofs, and show the marks used to indicate corrections.

CHAPTER VI

PARTNERSHIPS, COMPANIES

IN addition to a single individual or *sole trader* who carries on a trade or business at his own risk and for his exclusive benefit, businesses and trades are now more and more often carried on as (a) a *partnership* or *firm*; or (b) a *limited liability company*.

A PARTNERSHIP, as defined by Sec. 1 of the Partnership Act, is "the relation which subsists between persons carrying on a *business* in common with a view of profit." The term "business" here includes every trade, occupation or profession. There is a limit to the number of members in a private partnership, for such must not exceed twenty for any other business than banking, for which the maximum number is ten.

When two, or more, persons desire to become partners it is advisable for them to employ a solicitor to draw up the *Articles of Partnership*, or agreement showing the terms arranged between them. The articles should state (1) the name of the firm or designation under which it will be known. (2) The nature of the business to be carried on. (3) The term or duration of the partnership. (4) The amount and proportion of the capital. (5) Interest and allowances to individual partners. (6) Method of division of profits and losses. (7) Method to be followed in event of the death of a partner, dissolution, etc. (8) The keeping of proper books of account and the preparation of an annual balance sheet which, when signed, shall be treated as conclusive. (9) The Arbitration Clause—providing for procedure in event of disputes, etc.

THE PARTNERSHIP ACT, 1890, virtually codifies the whole law of partnership. By Section 24 it is enacted that in the absence of agreement the interests of partners in the partnership property

and their rights and duties in relation to the partnership shall be determined by the following rules—

(1) All the partners are entitled to share equally in the capital and profits of the business, and must contribute equally towards the losses whether of capital, or otherwise, sustained by the firm. (2) The firm must indemnify every partner in respect of payments made and liabilities incurred by him: (a) In the ordinary and proper conduct of the business of the firm; or, (b) In or about anything necessarily done for the preservation of the business or property of the firm. (3) A partner making, for the purpose of the partnership, any actual payment or advance beyond the amount of capital which he has agreed to subscribe, is entitled to interest at the rate of five per cent. per annum from the date of the payment or advance. (4) A partner is not entitled, before the ascertainment of profits, to interest on the capital subscribed by him. (5) Every partner may take part in the management of the partnership business. (6) No partner shall be entitled to remuneration for acting in the partnership business. (7) No person may be introduced as a partner without the consent of all existing partners. (8) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners, but no change may be made in the nature of the partnership business without the consent of all existing partners. (9) The partnership books are to be kept at the place of business of the partnership (or the principal place, if there is more than one), and every partner may, when he thinks fit, have access to and inspect and copy any of them.

In the same way the Act lays down rules as to the *Dissolution* of the partnership (subject to any express agreement between the partners), as follows—

A partnership is dissolved—

- (a) By the expiration of the term—if a fixed term has been entered upon.
- (b) If entered into for a single undertaking or adventure, by its termination.
- (c) If entered into for an undefined term, by any partner giving notice of his intention to dissolve partnership.
- (d) By the death or bankruptcy of any partner.

- (e) At the option of the other partners, if any partner suffer his share of the partnership property to be charged for his separate debt.
- (f) By the happening of any event which makes it unlawful for the business to be carried on.
- (g) By decree of the Court which may be obtained on the ground of the lunacy, permanent incapacity, conduct prejudicial to business, etc., of a partner.

It will thus be seen that the rights and duties of partners *inter se* are adequately covered by the Act, subject to any agreement between the partners. A PARTNER in a firm may be (1) "*active*" or "*ordinary*," viz., one who takes an open and active part in a business; (2) *sleeping, dormant* or *silent*, viz., one who does not take an open part in the business although he has money in the firm and shares the profits; (3) *nominal*—one who is deemed to be a partner and so holds himself out; he incurs the liabilities of a partner; (4) *limited*—a class of partner brought into being by the Limited Partnership Act, 1907, which is dealt with below.

It is important to remember that generally speaking a partner has full authority to deal with the partnership property for partnership purposes, and Section 5 of the Act expressly states that every partner is an *agent* of the firm and binds the firm in respect of acts for carrying on any business of the kind carried on by the firm, unless he has no authority to act for the firm in that particular matter, and the other person either knows he has no authority or does not know or believe him to be a partner. Every partner is liable jointly for the firm's debts, and in the event of its bankruptcy the partnership funds have first to be used to satisfy the firm's creditors: in the event of a surplus from the private estate of a partner such surplus must be devoted to the payment of the firm's debts, if required. Conversely, if there be a surplus in the firm's accounts such surplus must be used to satisfy each partner's private debts.

In the event of a partner retiring, the other partners may release him by holding him free of all the firm's actual liabilities, with the consent of the creditors. He is not liable for debts incurred subsequent to his retirement unless to persons who are unaware of his retirement. It is usual to notify all the firms in the partnership

books, and to advertise the dissolution in the *London Gazette* and local papers.

In settling accounts between partners at a dissolution the Act provides that subject to any agreement—

- (a) Losses, including losses and deficiencies of capital, shall be paid first out of the profits, next out of capital, and lastly, if necessary, by the partners individually in the proportion in which they were entitled to share profits.
- (b) The assets of the firm including the sums, if any, contributed by the partners to make up losses or deficiencies of capital, shall be applied in the following manner and order—
 - (1) In paying the debts and liabilities of the firm to persons who are not partners therein.
 - (2) In paying to each partner rateably what is due from the firm to him for advances as distinguished from capital.
 - (3) In paying to each partner rateably what is due from the firm to him in respect of capital.
 - (4) The ultimate residue, if any, shall be divided among the partners in the proportion in which profits are divisible.

LIMITED PARTNERSHIP.—Since the 1st Jan., 1908, a new kind of partnership has come into being, created by the *Limited Partnership Act*, 1907. A firm may now consist of one or more *general* partners and one or more *limited* partners (subject to the limitation in numbers under the Partnership Act, 1890, as above). A limited partner can invest a fixed sum of money in the business and be liable only for that amount (in other words, his position is similar to that of a shareholder in a Limited Liability Company) provided that he take no active part in the management of the business. The general partner, or partners, are liable for all debts and have no limited liability. The advantages of this mode of partnership are that existing firms can obtain extra capital without forming themselves into Limited Liability Companies, and a new business can be started with the aid of friends or relatives, who can with reasonable safety and lessened liability risk their money. All such partnerships have to be specially registered, or in default, the limited partner will be deemed to be a general partner. On the original registration of a limited partnership an *ad valorem* duty of 5s. per cent. on the capital is payable, and in the event of any change in

the firm (capital, etc.) a registration fee of 5s. must be paid, and notice given within seven days. An *ad valorem* duty of 5s. per cent. must be paid on any increase in capital. To obtain registration an application must be made to the Registrar of Joint-Stock Companies on an official form (L.P.I.), which must carry an impressed stamp of £2. This form requires the following particulars to be given: (1) The firm name; (2) the general nature of the business; (3) the principal place of business; (4) the term, if any, of the partnership; (5) a statement that the partnership is limited; (6) the description of every limited partner as such and the amount of his capital and whether paid in cash or otherwise. This form must be signed by all the partners.

A limited partnership is not dissolved by the death, bankruptcy, or lunacy of a limited partner unless in the last case the lunatic's share cannot be otherwise ascertained and realised. Applications for winding up a limited partnership must be made under the Companies (Consolidation) Act, 1908. Subject to any agreement, expressed or implied, between the partners the Act provides that: (a) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the general partners. (b) A limited partner may, with the consent of the general partners, assign his share in the partnership if upon such an assignment the assignee shall become a limited partner with all the rights of the assignor. (c) The other partners shall not be entitled to dissolve the partnership by reason of any limited partner suffering his share to be charged for his separate debt. (d) A person may be introduced as a partner without the consent of the existing limited partners. (e) A limited partner shall not be entitled to dissolve the partnership by notice.

Notice of any arrangement or transaction under which a general partner becomes a limited partner in the firm, or of the assignment of a limited partner's share, must be advertised, in the case of limited partnerships registered in England, in the *London Gazette*, and will not take effect until such advertisement. In the case of the limited partnership being registered in Scotland such advertisement must appear in the *Edinburgh Gazette*, and in Ireland in the *Dublin Gazette*.

JOINT-STOCK COMPANIES.—A Joint-Stock Company is an association of individuals for the purpose of carrying on some trade, business or undertaking usually with limited, but sometimes with

unlimited, liability. No partnership can consist of more than twenty persons, or in banking of more than ten persons—unless they register themselves as a company as laid down by the Companies (Consolidation) Act, 1908. A sole trader, or, in partnerships, each partner, is personally liable for all the firm's debts, whereas in a limited liability company no individual's liability exceeds the amount of his shares and he can only be made to pay such of his share capital as has not been already paid up. A company is an artificial person created under special Acts; it has a distinct legal entity; therefore, can enter into contracts on its own behalf, deal with its property, sue and be sued in its own name, and its members have the right to receive their proportionate share of its profits, and are not personally liable for the company's risks or indebtedness beyond their share of the capital. Creditors dealing with a limited company know that they are unable to look to the individual shareholders to satisfy their claims if the company cannot meet them, but they can, on payment of one shilling search the Register and ascertain for themselves the position of the Company,

Public companies may be divided into four classes: (1) a company with unlimited liability; (2) a company with liability limited by shares; (3) a company with its capital limited by guarantee *without* its capital being divided into shares; (4) a company with its capital limited by guarantee *with* its capital divided into shares.

(1) UNLIMITED LIABILITY COMPANIES are now very few, for the members are liable to calls till the whole of the company's obligations are settled (but only *pro rata* to their share in the company), and their liability ceases after they have ceased to be members for one year. The majority of such companies have re-registered themselves with limited liability companies.

(2) LIMITED LIABILITY COMPANIES are divided into (a) private companies; (b) public companies.

(a) A PRIVATE COMPANY can be registered by *two* or more persons, if by its *articles* (see next page) it (1) restricts the right to transfer its shares; (2) limits the number of its members to fifty (exclusive of those in the employ of the company and ex-employees); and (3) prohibits an appeal to the public at large to take up shares or debentures. This Act has had a prejudicial effect upon the Limited

Partnership Act, as by registering a business as a private company the partners then *all* have their liability limited. Moreover, until 1908 it was necessary to have at least seven members to form a company, whereas now two suffice, viz., the active and the (prospective) limited partner can register themselves as a company, and the latter can then incur no liability if he takes part in the management, as under the Limited Partnership Act would be the case.

- (b) A PUBLIC LIMITED COMPANY must consist of at least seven members. To come into being a MEMORANDUM OF ASSOCIATION must be registered which defines the nature and scope of its business. This Memorandum must state (1) the name of the company—with the word “Limited” attached; (2) the country (England, Scotland or Ireland) where the registered office is situate; (3) the objects of the company; (4) that the liability of the members is limited; (5) the amount of share capital and the division thereof into shares of a fixed amount. This *Memorandum* must be signed by the subscribers, and it is provided that (1) no subscriber to the Memorandum may take less than one share; (2) that each subscriber write opposite to his name the number of shares he takes.

With the *Memorandum of Association* may also be lodged (1) the ARTICLES OF ASSOCIATION, *i.e.*, the rules and regulations for the management of the company. In default of special articles a special model known as *Table A* scheduled to the Act can be adopted *in toto*; (2) a *list of the directors* with their written consent to act; (3) a *contract* by any director to pay for his qualifying shares; and (4) a *statutory declaration* by the secretary, a director, or solicitor employed in the promotion, that all the requirements of registration have been complied with.

When these forms are lodged at Somerset House special fees for registration have to be paid.

When the *nominal capital* does not exceed £2,000—£2

From £2,000—£5,000 £1 for every £1,000

From £5,000—£100,000 5s. “ “ “ after the first £5,000

Above £100,000 1s. “ “ £1,000 “ “ “ £100,000.

But it is provided that no company shall be liable to pay in respect of nominal share capital on registration or afterwards any greater amount of fees than £50

When the above has been done the Registrar issues a *Certificate of Incorporation*, which gives the company a legal existence.

CAPITAL.—A Joint-Stock Company (unlike a sole trader or partnership) has its capital fixed by its Memorandum. The amount named therein on which the stamp duty was based is called the *Nominal, Authorised or Registered Capital*. The *Subscribed or Issued Capital* is the capital offered and allotted to the public, as well as the amount, if any, issued to the vendor as fully paid. If this does not amount to the whole of the *Nominal Capital* the remainder is termed *Unissued Capital*. *Called-up Capital* is the amount demanded from the shareholders in respect of each share subscribed for, e.g., if the nominal capital were £10,000 and the subscribed capital were £8,000, only 10s. in the £ may be required at once, and thus £4,000 would be the *Called-up capital*. *Paid-up capital* is that portion of the *Called-up capital* which has been actually received in cash from the shareholders. *Working capital* is the amount available for carrying on the company after paying the purchase price, etc.

In addition to the capital, a company very frequently obtains money by the issue of **DEBENTURES**.

A **DEBENTURE** may be either (1) a *mortgage debenture*, viz., a mortgage on all or part of the company's assets, or (2) an *ordinary, naked, or simple*, debenture, which has no such charge, but is a mere promise to pay. Holders of these last named debentures can only prove with other creditors in a winding up. *Redeemable debentures* are those which will be repaid on a given date or on notice, while *irredeemable debentures* are only repayable in the event of the liquidation of the company or of default in payment of interest. Debentures have a fixed rate of interest usually payable half-yearly. Debentures may be issued at par or at a premium, or at a discount.

The **SHARE CAPITAL** may consist of only one class of *share* or may be divided into different classes—

- (1) *Preference Shares* are those which have priority in payment of dividends at a fixed rate. They may also have preference as regards the return of capital. *Cumulative Preference Shares* are those which are entitled to arrears of

dividend if a dividend has not been paid for any period, before the ordinary shareholders come in. Arrears of such dividends are a contingent liability to the company.

- (2) *Ordinary Shares* rank for dividend after the prior charges have been paid, viz., Preference dividend, etc. They do not have a fixed rate, as the amount necessarily fluctuates with the profits available for distribution.
- (3) *Deferred Shares* are those which come in after the Preference and Ordinary dividends (up to a certain rate) have been paid.
- (4) *Founders' Shares* usually have a *proportion* of the profits after the prior shares have had a fixed rate paid thereon.

It is now not unusual to issue *Participating Preference* (or *Ordinary*) shares, which are entitled to a fixed rate *plus* a share of the remainder of the profits, the other share being distributed among the holders of the *Deferred* shares, which shares are then of the nature of *Founders'* shares.

It must be remembered that shares can only be issued at par or at a premium, and not at a discount.

To obtain the capital it is usually necessary for the company to issue a PROSPECTUS, a dated copy of which, signed by the directors, must be filed with the Registrar of Joint-Stock Companies. If this be not done a STATEMENT IN LIEU OF A PROSPECTUS must be filed. A prospectus which is in reality an invitation to subscribe for shares, etc., must now contain the following particulars: (a) the Memorandum of Association; (b) the directors' qualifying shares and their remuneration; (c) names and addresses of the directors; (d) the minimum subscription on which the company will go to allotment; (e) shares and debentures issued as fully or partly paid and the consideration therefor; (f) the names and addresses of the vendors; (g) purchase price, showing "goodwill" separately; (h) the commission for underwriting shares, etc.; (i) amount of the preliminary expenses; (j) amount payable to promoters of the company and the consideration therefor; (k) particulars of all material contracts; (l) the auditors; (m) statement of any personal interest of a director in the promotion and amount paid to him; (n) right of voting conferred on each class of shareholders.

Accompanying the prospectus is a *form of application* which should be filled up by the intending shareholder, and forwarded to

the company's bankers (or secretary) with a cheque for the amount payable on application. The directors then pass a resolution allotting the shares, and to each person receiving an allotment a "*letter of allotment*" is sent, which has to bear a sixpenny impressed stamp if the nominal value of the shares is £5 or more. In other cases 1d. stamp is required. The shareholder has then to forward a cheque for the amount due "on allotment." To others "*letters of regret*," returning their application money, are sent.

The balance, if any, of the share capital is then called up as required. When all is paid the shares are called "fully paid." Not less than one month nor more than three months from the date when the company is entitled to commence business, a *Statutory Meeting* of shareholders must be held. Seven days prior to the meeting a report must be sent to each shareholder (a copy of which must also be filed with the Registrar), containing full particulars of the subscribed capital, the amount paid up, the amount of the preliminary expenses, an audited statement of receipts and payments and the names of the directors.

The company is then started on its way. After the Ordinary General Meeting in each year a return on "*Form E*" has to be made to the Registrar of Joint-Stock Companies, giving a full list of the directors and members, number of shares held by each, names of those who have ceased to be members during the year, a summary of the capital and forfeited shares, amount of mortgages, etc. This return has to be made up to the fourteenth day after the meeting and sent in within seven days of its date.

It should be noted that in addition to the ordinary books of accounts a Joint-Stock Company must, under the Act, keep the following five *Statutory books*: (1) *Minute book*, recording all resolutions, etc. (2) *Register of Directors and Managers*. (3) *Share Register*, giving the name, address, and occupation of each shareholder, together with the number of shares held by each person with their distinguishing numbers and amounts paid, and the date of his, or her, becoming, or ceasing to be, a member. (NOTE.—The list is open to each member's inspection and to the public on payment of 1s.) (4) *Register of Mortgages* and charges. (5) *Annual Summary of capital*—equivalent to the "*Form E*."

(3) (4) COMPANIES LIMITED BY GUARANTEE having, or not having, a share capital divided into shares, are usually formed to carry on

concerns such as clubs, in which it is not intended to make a profit. These companies are of rare occurrence. The Memorandum of Association of a company limited by guarantee without shares must give the particulars (Nos. 1-4) required in the ordinary Memorandum of Association of a Limited Liability Company, with a fifth clause stating that each member undertakes to contribute up to a specified amount towards the payment of the debts and liabilities of the company during the time while he was a member or during a year afterwards.

If the company has a share capital the Memorandum must also state (1) the amount of proposed capital and its share division ; (2) that no subscriber takes less than one share ; (3) such subscriber must write opposite his name the number of shares he takes.

The capital can be increased or decreased, if so authorised by its articles, in the same way as a Joint-Stock Company with share capital can increase or with the consent of the Court decrease its capital (Section 56, Companies (Consolidation) Act, 1908).

A comparison of the advantages and disadvantages of carrying on a business as that of a sole trader, or of a partnership, or of a Limited Liability Company should be possible from the above. While extra capital can be obtained by the admission of a *limited partner*, yet the Act has had very little effect and a very small number of limited partnerships has been registered, possibly owing, in the main, to the formation of private companies of two or more persons. It might, however, be mentioned that among the advantages of converting a business into a Limited Liability Company are (1) the limit of liability of each member to the amount, if any, unpaid on the shares held ; (2) the ability to transfer shares freely ; (3) the fact that the death of a shareholder does not mean the withdrawal of his capital ; and (4) the possibility on conversion of obtaining increased capital. Whereas among the disadvantages are : (1) the publicity given to the names and addresses of the shareholders in the Annual Return, which can be inspected by any trade rival ; (2) the publicity of the accounts ; and (3) the higher rate of income tax payable by Limited Liability Companies, which are not entitled to abatements, or to the " earned rate " of tax if the profits do not exceed £2,500 per annum.

REGISTRATION OF BUSINESS NAMES.—In 1916 an Act, called the Registration of Business Names Act, was passed, the provisions of which apply mainly to sole traders and partnerships.

In order that persons may know with whom they are trading, the Act provides that any individual who carries on a business under a name which does not consist of his true surname, without any addition other than his true Christian names or initials ; and any partnership whose trade name does not consist of the true surnames of all the partners, must be registered. Registration is also necessary when a change of name has taken place (*e.g.*, Johann Schmidt, who has changed his name and now trades under the style of John Smith).

The particulars to be registered are, in the case of an individual, (a) the business name (and where a business is carried on under two or more business names, each business name) ; (b) general nature of the business ; (c) principal place of business ; (d) present Christian name and surname ; (e) any former Christian name or surname ; (f) usual residence ; (g) other business occupation (if any) ; (h) nationality. If the present nationality is not that of origin, the nationality of origin must also be stated.

In the case of a partnership, the above particulars are required with reference to each partner.

Registration is to be effected in London, Edinburgh, and Dublin, according as the principal place of business is situate in England and Wales, Scotland, or Ireland, and the time allowed, in the case of new businesses, is within fourteen days after the commencement of the business.

Individuals and firms which are required to be registered have also to give certain information on all trade catalogues, trade circulars, show cards, and business letters, on or in which the business name appears, and which are sent to any persons in any part of His Majesty's Dominions. The information referred to is (a) the present Christian name (or initials) and the present surname, any former Christian or surname, nationality if not British ; and if the nationality has been changed, the nationality of origin. In the case of partnerships, the above particulars of each partner must appear. It may be noted that these particulars are not required on invoices.

Heavy penalties may be inflicted if the provisions of the Act

are not carried out, and also if any changes in the particulars are not notified. The registration form containing the particulars requires a 5s. stamp, and, in the case of English registrations, must be lodged with the Registrar of Business Names, 39 Russell Square, London, W.C.

QUESTIONS

1. Define Partnership.
2. State the rights and duties of Partners under the Partnership Act, 1890.
3. Give the rules as to the dissolution of a Partnership mentioned in the Partnership Act, 1890.
4. What is (a) an Active Partner ; (b) a Dormant Partner ; (c) a Nominal Partner ; (d) a Limited Partner ?
5. State what you know about Limited Partnerships.
6. How is registration of a Limited Company obtained ? What particulars are required ?
7. What is the difference between the liability of a General Partner and that of a Limited Partner ?
8. What is (a) a Private Limited Company and (b) a Public Limited Company ?
9. State the particulars required in a Memorandum of Association.
10. What are the Articles of Association of a Limited Company ?
11. State the meaning of the following terms used in connection with the capital of a Limited Company—Nominal ; Subscribed ; Called up ; Paid up ; Working.
12. Into what different classes of shares may the capital of a Limited Company be divided. What are the rights in each class ?
13. What is a Prospectus ? State some particulars which it must contain.
14. Describe the procedure of applying for shares, and of the allotment thereof.
15. What is (a) a Letter of Allotment and (b) a Letter of Regret ?
16. State some of the particulars required on " Form E."
17. Give a list of the Statutory books of a Joint-Stock Company, and a short account of what each must contain.
18. What advantages (if any) are gained by converting a Partnership into a Limited Company ?
19. In what cases have business names to be registered ?

CHAPTER VII

AGENTS—BROKERS—MARKETS—CORNERS—TRUSTS— POOLS—FUTURES—OPTIONS

AGENTS.—It is impossible to deal in any but a general fashion with the subject of agents, for to enter into the numerous legal points that arise consequent upon the exact nature of an agent's duties would mean going far beyond the scope of this work. Both in connection with the domestic and foreign trade—and particularly the latter—many manufacturers and merchants do their business by means of agents, who secure orders for their principals and keep in close touch with the customers. A network of good agents is of the first importance in most branches of trade, and as regards foreign trade, it is practically indispensable. Sometimes an agent acts exclusively for one house, but frequently for three or four houses in different and not conflicting lines of trade. No fixed rule can be laid down as to the terms on which agents work ; generally speaking, it is found profitable and stimulating to the agent's zeal to allow him a commission on the turnover, quite apart from any other remuneration he may receive for his services, and most good agents, to protect themselves, stipulate that such commission shall be paid them on all orders emanating from the territory covered by them, whether these orders come through their agency or direct. Usually the principal bears part of the office rent and establishment charges of the agent. It is impossible to state the manifold duties of an agent, for they vary so ; it may safely be said that the work of every agent is to keep in close touch with the customers, and to obtain their orders ; frequently he keeps a stock of goods on behalf of his principals, and attends to the dispatch of same to the customers, but in some cases this is done direct by the manufacturer or merchant, as the case may be. Sometimes the invoice for the goods is forwarded through the intermediary of the agent ; sometimes direct. Sometimes the agent collects outstanding accounts. The chief point to be borne in mind is that

an agent does not, as such, sell his own goods or act on his own account, but solely on behalf of his principals. Consequently he is not (unless by special agreement) responsible for payment for goods sold by him in case his customer fails. It is, however, frequently arranged that an agent shall guarantee payment for all goods which he sells on commission, whether he himself receives payment or not. In such a case he is called a "Del Credere" Agent, and in consideration of his extra liability he receives an additional commission called a "Del Credere" commission. The obtaining of really good and reliable agents, particularly in connection with the foreign trade, is one of the greatest difficulties encountered by business men, and despite a growing tendency for manufacturers and merchants as far as possible to deal direct with customers, there is little doubt that the occupation of agent affords excellent openings for smart, yet honest, individuals possessed of the requisite push.

BROKERS.—A broker is an intermediary between buyer and seller, an individual who, by means of his connections, brings together persons desirous of buying any certain commodity with those who have to sell. Although the activities of brokers extend to all spheres of commercial life, including insurance, the majority have to do with raw materials or produce and stocks and shares, and are generally members of an exchange, bourse or other recognised meeting place affording them the needful facilities for getting into touch with the right individuals. A broker, also, does not act for his own account, but as an agent on behalf of any number of principals, to whom he must, on the conclusion of any deal, render a contract note showing the exact price at which the purchase or sale was effected, he charging a commission for his services.

MARKETS.—In a commercial sense a market is precisely the same as in a retail sense. It is a place where dealers, agents or brokers are in the habit of meeting in order to transact business. Usually it is a Stock Exchange or Bourse. In many countries, dealings in different kinds of produce, stocks and shares, the chartering of vessels, etc., are all carried on in one building, this being the case with so important a centre as Hamburg, where often as many as 8,000 individuals crowd the floor of the *Börse* (Stock Exchange) at one and the same time. In many towns, however, where a speciality is made of one commodity, it is found desirable to have a separate

exchange, or market, for that article, as, for example, in Liverpool, Bremen and New York, in each of which there is a Cotton Exchange. In Paris the *Bourse de Commerce* is a separate building from the *Bourse* which is devoted to stocks and shares, and in London there are quite a number of different markets or stock exchanges, as, for example, the Corn Exchange in Mark Lane, the Coal Exchange in Lower Thames Street, the Baltic in St. Mary Axe (grain, furs, tallow, oil, etc.), and the Commercial Sale Rooms in Mincing Lane (tea, sugar, rubber and other colonial produce). One of the great uses of these markets or exchanges, is not only the facilities they afford of bringing together buyer and seller, but the fact that by this means the ruling price of the commodities dealt in is determined day by day, published in lists or papers, and thereby made known to all interested parties.

CORNERS.—One sometimes reads of certain dealers or speculators endeavouring to "corner" or "make a corner in" a commodity or article. By this is meant that a certain individual—usually in conjunction with a group of others, for it is seldom that a single individual has enough capital resources to achieve the desired end—buys up for present and for future delivery, the greater part of the available supplies of a certain commodity, thereby creating an artificial scarcity. If it is an article of necessity, consumers are compelled to purchase to fill their requirements, and the price is easily raised; and the idea of the manipulators of the "corner" is to unload or sell at an enhanced price, and thus net handsome profits.

TRUSTS, CARTELS, AND POOLS.—A trust is an amalgamation of a large number of firms engaged in one trade, in the hands of which is the whole, or at any rate the greater part, of the country's trade in that particular line. Perhaps the best known example is the United States Steel Trust, which has a combined capital and debenture debt of \$1,476,000,000 (say £300,000,000), and controls the greater part of the iron and steel industry of the United States. In all countries trusts exist in some shape or form, and the tendency appears to be steadily towards an extension of this principle, which certainly makes for cheaper production by bringing various smaller concerns under one central administration and by eliminating competition and the enormous unproductive expenses such as advertising, separate staffs of travellers, etc., incidental thereto.

In so far as it achieves this object the trust idea is sound enough, and, viewed from a cold scientific or business standpoint, its development is as much to be welcomed as is the invention of improved machinery, for what machinery does in the way of improved methods of manufacture and cheapening the cost of production, the bringing under one homogeneous control of several small concerns does to improve administration. It cannot, however, be denied that in many countries the growth of trusts is viewed with considerable misgiving and hostility by the public, the reason being that the elimination of competition to a certain extent raises the trusts above the ordinary law of supply and demand, so that they are able to regulate production and other conditions and fix their prices at a level to suit themselves. In some countries this hostility has resulted in Government action, and in the United States in particular, the Supreme Court is often appealed to with a view to declaring some of the trusts illegal, suits having been entered amongst other against the Standard Oil Trust, and the United States Tobacco Trust, both of which have been declared illegal. Firms not included in a trust are known as "outside" firms or simply as "outsiders," and a trust will often fight an "outsider" by means of cutting prices until it has crushed the competing firm or induces it to seek admission into the combination.

The trust form is more widespread than many people imagine, for its full development is not apparent; the limited company form lends itself to concealment of unity of interests, and many a large trust, or combination can, by means of shareholdings in other companies, control a whole industry or trade without the majority of people being aware of the fact. Some of the trusts or combines are quite international in character, as, for instance, the great cotton thread concern of Messrs. J. & P. Coats, Ltd., which, by means of its connection with the English Sewing Cotton Association and other concerns of a like character, may be said to play a preponderant rôle in this trade throughout the world. Another well-known example is the Imperial Tobacco Corporation.

In some countries trusts take the form rather of the Cartel, which consists of a combination among all or the majority of producers in a particular line, entered into for a certain period only. The participants bind themselves down for a given number of years to produce only such quantities and to sell only at such prices as

are determined by a committee, and the cartel often has its own selling organisation.

A POOL is usually a working arrangement or agreement between a number of different individuals or firms to carry out one operation or a series of operations, each participating in a fixed proportion, the pool being dissolved when the operation has been completed. Thus, for example, a movement to engineer a corner in a certain commodity is often originated by a pool consisting of a number of firms or individual speculators who agree, with their combined resources, to buy up a certain quantity of the available supplies of the particular commodity, the pool being dissolved and the profit divided when the operation has been carried through.

FUTURES.—In its simplest form the purchase of a commodity—let us say so many chests of tea—consists in the merchant or consumer buying direct or through a broker the quantity he requires out of a certain stock lying at the docks or in a warehouse. The tea is already there and the transaction is quite an ordinary one. Suppose, however, that the purchaser does not want to take delivery of and pay for the tea for say a couple of months. He might, of course, wait that period and then purchase; but he may be apprehensive of a rise in prices and is desirous therefore of purchasing at the moment. In this event he would purchase for forward delivery, and the dealer selling to him, having a consignment on the way from Ceylon to London, might sell for delivery two months after the date of the contract. This would be buying and selling for future delivery, and in ordinary market terms would be a deal in futures. As in the case of stocks and shares, dealing in futures has passed far beyond the elementary stage here described, and merchants sell for forward delivery without necessarily having any stock or any consignment on the way, relying upon their ability to purchase at a lower rate before the time for delivery comes along. In other words they are speculating, and similarly many buyers of futures are speculators who have no intention of taking over delivery of the commodities they have purchased but rely upon selling them at a profit before the time for delivery. As a result, thousands of transactions take place in all descriptions of food-stuffs and produce generally, which are more or less fictitious that is to say, the chests of tea, the packages of shellac, cotton, jute, quarters of wheat, or whatever the commodity may be, are merely

so many gambling counters, and for all practical purposes do not exist at all. In some countries there have been attempts to forbid these transactions in futures, but it has been found very difficult. In support of the practice it is urged that dealing in futures tends to steady the prices and to prevent violent fluctuations, but it is doubtful whether any slight advantages derived therefrom are not more than neutralised by the extreme fluctuations in prices which occur through the efforts of speculators and which tend to damage the business of *bonâ fide* manufacturers. Generally speaking, a manufacturer would rather have to pay a higher price for his materials so long as that price remained steady, than to have to deal with a raw material the price of which was constantly fluctuating largely, a thing liable to involve him in a heavy loss in the carrying out of a contract. Cotton manufacturers in particular have suffered a great deal from this, and copper also seems to be a favourite counter of speculators in futures.

OPTIONS.—A consumer may have reason to believe that the commodity he requires will advance in price, yet he may not be prepared to purchase at the moment, or, owing to uncertainty as to his requirements, or some additional doubt as to the accuracy of his opinion as to the course of prices, may not wish at the moment to pay either for immediate or future delivery. He may, however, find a dealer who, in consideration of a certain payment, will give him the right to purchase, at the price of the day or some other price to be determined, a given quantity within a specified period. This is termed an "option." The option may be in the opposite direction, that is to say, a dealer or speculator may by payment of a certain sum, bind another dealer down to purchase from him at a fixed price within a specified period so much of the commodity if called upon to do so. Sometimes even an option is a double one, that is the holder of it has a right to buy *or* sell. Options are more largely employed for speculative purposes than for legitimate trading.

QUESTIONS

1. State the duties of an agent.
2. What is a *Del Credere Agent* ?
3. Give a definition of a "Market." State some of the chief markets and the purposes for which they are used.

4. Define each of the following terms : Corners, Trusts, Cartels, Pools, Futures, Options.
5. What are the advantages and disadvantages of Trusts ?
6. State in general terms the chief features of a transaction in "Futures."
7. What are the advantages sought to be gained by dealings in "Futures" ?
8. What are the functions of a broker ?

CHAPTER VIII

OPENING BUSINESS

As stated in a previous chapter, business in this country is usually carried on by what are known as firms sole, partnerships, and companies with or without limited liability. There are also trading bodies promoted by special Acts of Parliament, by Royal Charter, or by Letters Patent; Municipal and other Corporations, etc., and even the Imperial Government carries on distinct business trading.

On obtaining the necessary "working capital," and by that term is meant a sufficient sum of readily available cash wherewith to meet all probable business requirements without having recourse to borrowing, a firm (a name generally applied to any trading concern) will have to open a current account at a bank with whom terms of trading will have been arranged. The application to open an account is usually made by filling up a form similar to the following—

-----19..

Gentlemen,

(Name of Company) -----

(Registered Office) -----

On behalf of the Directors, I have to request you to open an Account with the above-named Company, and in pursuance of this request I hand you herewith—

1. Certificate of Registration (for inspection and return).
2. Copy of the Memorandum and Articles of Association.
3. Certificate to commence business.

(This is not required in case of Companies formed prior to 1st January, 1901; nor of any Company which has not invited applications from the public.)

4. Certified Copy of a Resolution of the Board of Directors regulating the Conduct of the Account.
5. I also append the signatures of the Directors.

Yours faithfully,

-----Secretary.

(Name of Company) -----

We hereby certify that the following Resolution of the Board of Directors of the ----- Company, Limited, was passed at a meeting of the Board held on the ----- and has been duly recorded in the Minute Book of the said Company—

Insert whether
Head Office or
Name of Branch.

State by how many
Directors and Secre-
tary or otherwise.

"Resolved:—That a Banking Account for the Company be opened with the ----- at their ----- and that the said Bank be and is hereby empowered to honour Cheques, Bills of Exchange, and Promissory Notes drawn, accepted, or made on behalf of the Company by ----- and to act on any instructions so given relating to the account or transactions of the Company."

-----Chairman.

-----Secretary.

DIRECTORS.

NAME.	USUAL SIGNATURE.
-----	-----
-----	-----
-----	-----
-----	-----
-----	-----

This form is specially applicable to a limited company, but in the case of sole traders and partnerships the form would *mutatis mutandis* partake of a similar nature.

Apart from banking matters, there are two very important matters to consider—

1. BUYING.
2. SELLING.

It has been said that to buy well is half the success of business trading, and to sell well completes the unit of financial success. To buy well means among other things to purchase at the most favourable rates obtainable. This can generally be done by persons having a plentiful supply of cash, but in business, however, very few firms pay cash on delivery of goods—indeed, it is a sign of weakness with many firms if they are compelled to pay for goods as they receive them, hence credit plays an important part in business life, and it is on account of the demand for credit terms that firms on opening business are requested to furnish what are known as references, that is, information that will prove to the seller that they are persons possessed of some business reputation, and that they are financially sound for the amount of credit they require. It should be noted that “business reputation” implies a known reputation for honest dealing. The seller as well as the buyer requires reputation, and in opening business, this should be borne in mind. The former should remember, too, that he himself is also “rated” according to the measure of his commercial morality, his method of negotiating business, his use or abuse of credit terms, etc.

ENGAGING STAFF.—On the selection of the staff depends the success of a business undertaking, and whilst every business man will endorse that statement, it is a fact that special care is not always exercised when this work is being carried out. It involves many considerations.

As far as he is able, a person just commencing business must consider the number of persons he will probably require in each of his several departments, bearing in mind the cost, and the degree of efficiency he will require of each employee. In considering the cost he will naturally compare his probable wages bill with his probable volume of trade, providing so far as he is able, that his staff will be neither larger nor smaller than what will be required. This important matter having been given full consideration, he will proceed with the selection of his staff. Naturally the qualities which count will vary in men according to the particular class of work for which they are required. Thus in the selection of a salesman or a traveller he must have a man who is thoroughly conversant with the particular class of goods to be sold, who is smart in appearance, of good address, of ready wit, gifted with the power

of speech and capable of creating a desire in others for his firm's goods ; in short, one who thoroughly understands the art of salesmanship. In addition, he will find it an advantage to have in such a man one who knows the principal buyers of the goods that it is desired to sell.

In his book-keepers he will look for accuracy, neatness, quickness and method in work. He will also expect them to understand thoroughly the principles of book-keeping and accountancy, and it will be a decided advantage if they are capable, when necessary, of acting in some other capacity in the office. The work of typists and other correspondence clerks demands a ready knowledge of good commercial English, ability in shorthand writing and typing, and an acquaintance with modern business methods, and in the case of foreign correspondents, the ability to read, write, and speak in the languages necessary.

Cost, estimate, and statistical clerks should possess special knowledge, and they should be encouraged at all times to acquire such information as will enable them to be always up to date in carrying out their several duties.

Whilst care is always required in the selection of every member of the staff, special consideration will have to be given in the selection of the Secretary, Accountant, Cashier, Department Head, Agents, and General Manager.

GENERAL MANAGER.—The General Manager is one who must attempt to stand at least metaphorically, in the shoes of the principal. He may, in fact, be the principal himself. He should be capable of comprehending the general requirements of the business ; able to organise a system or systems of trading ; to recognise the limits of systems ; to forecast in a measure the future in so far as the business requirements are concerned ; to read character ; to handle men tactfully ; to face a " situation " with calmness, and to act prudently and firmly

SECRETARY.—If the business be that of a limited company, a Secretary will have to be appointed, and whilst in a small business he may perform the duties of cashier, and perhaps of accountant, he will have special duties to perform which can but be briefly mentioned here ; such are attending and recording proceedings at meetings of directors and shareholders of the Company, and arranging for the carrying out of instructions given at such meetings,

and attending to all statutory requirements imposed by the Companies Acts. Besides having had a good general education, he will need to have specialised in the principles and practice of Secretarial Work, Mercantile and Company Law, etc.

ACCOUNTANT.—The Accountant is the person who has or should have complete charge of the accounts of the business, and it is his duty to organise his department with the object of keeping thoroughly accurate and up-to-date records of the accounts, so as to be in a position to give reliable data whenever called upon. He must be in every respect a skilled man of accounts.

CASHIER.—The Cashier has extremely important duties. He not only receives and pays cash, bills of exchange, promissory notes, etc., but he must see that the moneys due to his firm are paid at due date; that customers' credit is not extended beyond agreed limits; that his payments are made at due date or, where funds are in plenty, at previous dates if by so doing he may obtain a larger discount, but this latter will be only by arrangement with his principals. To ascertain the standing of firms is a duty usually assigned to the cashier, and he is the person who usually makes all arrangements with banks, *e.g.*, for temporary loans, overdrafts, etc. On account of handling vast sums of money, it is desirable that the cashier should be insured under a policy of fidelity guarantee insurance.

DEPARTMENT HEAD.—A Department Head is practically the head of a particular business, as in most cases he will, so far as his department is concerned, be responsible for the buying and selling, the selection of his staff, etc.

A few remarks of a general character may be offered.

Whilst as far as possible division and specialisation of labour is desirable, a system should be arranged so that on an untoward event happening to one of the employees, his duties may be undertaken by some other person, thus preventing, as far as possible, a dislocation of any part of the work of the staff. In the case of important officials or other valued members of the staff, it is generally wise to enter into agreements of service with them for a period of years.

Whilst many firms advertise for men, it will generally be found that the best men are obtained by the recommendation of others.

The question of remuneration cannot be dealt with here as it is one involving consideration of special circumstances. Nevertheless it will be found in practice that the payment of good wages not only gives satisfaction to the employees but, in the end, to the employer also.

Where female labour can be readily obtained, it is generally cheaper than that of males, but the efficient woman worker is now obtaining a higher rate of remuneration than was the case some years ago.

Boy labour is necessary, but unless there is some understanding or agreement as between the employer and the parent of the boy, it is often unsatisfactory. Many instances can be given of youths having been employed for a year or two with some particular employer, and on being approached by a trading competitor have changed their service and frequently have imparted business information to the new employer. To mitigate this evil, some large firms now insist that the parents of those whom they engage should enter into agreements binding the parents to retain their sons in the business for a period of, in many cases, five years, in return for which a higher rate of remuneration is given and the business is taught. This course is very much on the lines of the old apprenticeship system.

The utmost confidence should be expected from and given to each member of the staff. Honesty and integrity, smartness and efficiency are qualities which are obviously looked for.

MAKING ENQUIRIES THROUGH BANKERS, ENQUIRY AGENCIES, ETC.—On being asked for references the buyer will usually name his bankers, and if he has done business with other firms he will mention the names of one or two of them. In the case of firms just commencing business, any references in addition to the bankers must come from persons or firms known to the proprietors, but a common practice is to furnish the seller with a statement of the financial position of the buying firm. Naturally, in many cases this formality will not be necessary, particularly if the principals are men of known standing.

The information that a bank can give of a customer is based on the amount standing to his credit at any fixed date, or the average amount over a certain period; the amount of cash received and paid within a given time; the frequency or otherwise of requests

for overdrafts, etc., and sometimes information gleaned by the bank from other clients and firms.

Information in regard to the standing of firms is also obtained by what are known as enquiry agencies who, in consideration of an annual subscription, and usually for a nominal fee for each enquiry, will furnish very reliable information concerning most trading firms. Certain of these firms issue annually a book which gives a ready clue to the standing of many thousands of firms. In subscribing to such agencies, the understanding is that the information contained in the books and other documents furnished, is strictly private, and is not to be made public; that there is no absolute guarantee that the information given is strictly accurate, and that the enquiry agencies do not hold themselves responsible, in regard to the information given. When a special enquiry is required, a form usually termed a "status enquiry form" must be filled up. The following is an example—

	DO NOT PUT MORE THAN ONE ENQUIRY ON THIS SLIP.
Registered number, 21411	Enquiry Number. Registered Number, 21411 Telegraphic Address :—"Slow."
No. of enquiry, 2964	To <i>The Findall Enquiry Agency.</i> (Here is given the name of the enquiry agency.)
Name <i>A. B. & Co.</i>	I, the subscriber named at the foot herewith, will, in accordance with the understanding made between us, undertake that the answer to be received from you to this enquiry shall be treated as strictly confidential, and that you will not be held responsible for any errors of judgment, opinion or mistakes contained therein.
Address 2, Newhaven Place, Rochester.	Name <i>A. Bunston & Co.,</i> Business <i>Retail Linen Drapers,</i> Detailed Address <i>2, Newhaven Place, Rochester.</i> Special information asked for <i>What credit to give.</i> <i>What is composition of firm?</i>
Business <i>Linen Drapers.</i>	Subscriber's Signature or Date 27-10-19... Recognised initials, etc. <i>Slow.</i>
Date 27th Oct., 19..	

In the books issued annually by the enquiry agencies, each firm referred to is "rated" somewhat in the following manner—

Firms of the highest possible standing may be rated	H
Firms designated "very good" may be rated	V
" " "good" " "	G
Other firms may be rated	D

The letters H, V, G, and D may be again rated as H¹, H², V¹, V², etc.

Agencies give information as to the general standing, the amount of capital, oftentimes the volume of trading done, and the amount each firm is "good for."

At varying periods subscribers receive circulars which contain notices as to the registration of new firms, of insolvency, of bills of sale and satisfactions, deeds of arrangement, etc., mortgages and charges by limited companies, County Court judgments, in addition to which there are frequent articles on financial and legal matters. Certain of these enquiry agencies also undertake to collect accounts.

The person responsible in any business house for the financial standing of customers will, in addition to having recourse to bankers and enquiry agencies, adopt other methods in order to obtain the most precise information with regard to the financial standing of customers or prospective customers. He may—

1. Request information from persons whose names have been given as references.
2. Request a copy of the balance sheet and other documents.
3. He may make a personal call and an examination of the books of account (this method gives information as to the firms with whom business is done), and where he considers it desirable, he may demand that an amount should be always kept on deposit.

In almost every business it is the duty of a finance man to watch closely the accounts of customers with a view to

- (a) obtaining payment at due date.
- (b) preventing an undue length of credit and
- (c) guarding against insolvency.

On the other hand, it is his duty to see that the accounts for which he is responsible are paid at due date, and this practice includes payment by bills of exchange, promissory notes, etc., where issued. Inability to meet accounts at the proper time or any apparent liberties taken with credit terms may be considered a weakness in the firm practising it.

EXAMPLES OF REPLIES FROM ENQUIRY AGENCIES

THE WEST REEF MANUFACTURING COMPANY, LIMITED, NOVA SCOTIA

19th January, 19..

G. W. Gonsomalo, who has been President of this Company since its inception, sold out his stock to the Vice-President, George M. Sayers, a few months ago, and the stock is now held principally by the latter. The business has been successful, and has been developed very largely in the West.

The Capital Stock and Reserve Fund are understood to be over \$50,000, and their credit continues good with the trade as before. They have moved into their new factory, which is more convenient and better equipped than their former premises. Sayers is now President of the Company. Prospects good.

THE WHITE AND BLACK COMPANY, LIMITED, MANCHESTER

19th August, 19..

Mr. Henry Moriarity, senior member of this firm, died on Monday last, and as yet it is difficult to get much data regarding the affairs of the business. He is said to have carried quite a large amount of life insurance—some £20,000.

Leaving out the real estate, in which there was a surplus of £2,000, it is said that their balance at the close of last year gave a nominal surplus of £15,000.

It is thought that the business will be continued, and that his son, Mr. Rufus M. Moriarity, will develop ability—the responsibility principally resting upon him as he was his father's right-hand man in the past. It is also claimed that their position has improved somewhat during the past year—said to have reduced their indebtedness to some extent.

ENQUIRY TO A BUSINESS HOUSE

MANCHESTER,
May, 19__

Messrs. H. B. & Co.,
LONDON.

Dear Sirs,

The firm mentioned on the enclosed slip have requested us to open an account with them on agreed terms, and they have referred us to you as being a firm with whom they have done business for many years. We should be glad to know for what amount you consider them to be good.

In thanking you in anticipation, we shall be glad at any time to render you a similar service.

Yours faithfully,
J. ANGEL & Co.

REPLY TO ENQUIRY

LONDON,-----19--

Messrs. J. Angel & Co.,
MANCHESTER.

Dear Sirs,

With reference to your letter of May, 19.., we wish to say that this firm has enjoyed our confidence for many years, and we consider them good for a credit of £500.

Yours faithfully,
H. B. & Co.

A FORM TO BE FILLED UP ON A TRAVELLER OPENING
A NEW ACCOUNT

Name of Firm *Newsharp and Co., Ltd.*
 Address *2, Henrietta St., Accrington.*
 Probable Credit required *£250.*
 Terms *Monthly accounts due 10th following month but one.*
 References *R. Steadman & Co., Wine Merchants, Accrington.*
 The Universal Banking Corporation, Ltd., Accrington.

FINANCIAL

Are there any Mortgages, Debentures, or Secured Debts? No.

Have they ever been in financial difficulties? If so, when? No.

*GENERAL

When was Firm Established? 1889

Stock *Usually carry £5,000 worth.*

Management *Under personal direction of Mr. R. Newsharp, Managing Director. Apparently well managed.*

What reputation does the firm bear? *Well known in the trade. Cautious people.*

From what Firms in our trade are they at present buying? *S. Merthens & Co., Ltd., J. Newsome, Ltd., and several Manchester houses.*

Signature of Agent or Traveller *A. Wideawake.*

QUESTIONS

1. What is the procedure usually adopted by a merchant who wishes to open a current account at a bank?
2. What particulars are usually required from a limited company when opening a banking account?
3. Write a short essay on the "Factors of Business Success."
4. What are the duties of (a) a Secretary; (b) a Cashier?
5. To what points would you give consideration when engaging a Book-keeper?
6. How would you obtain information regarding a firm that wished to do business with you.
7. What is an Enquiry Agency, and for what purposes does it exist?
8. Write a letter to an Enquiry Agency regarding the standing of the firm with whom you propose opening an account.
9. Write a reply to the letter referred to in Question 8.

CHAPTER IX

SALES AND PURCHASES

SALES and purchases are effected

- (1) by direct application at the buyer or seller's place of business ;
- (2) by letter, telephone, or telegraph ; (3) by order given on an Exchange or to an agent, broker, factor, commercial traveller, etc. ;
- (4) by auction, etc.

Matters of practical importance in the buying and selling of goods are the following :—Type and quality and general suitability of goods for the market ; price of the goods, bearing in mind (a) their cost and a proper margin of profit ; (b) the prices of competitors for similar goods ; (c) the means to be adopted in the disposal of the goods ; (d) the determination of cash and credit terms to customers, etc.

It is of the utmost importance that all orders should be given in writing. Such a practice prevents misunderstanding as to the conditions on which the purchase or sale has been effected, and further, it makes an order binding as between the parties.

An order given otherwise than in writing should be confirmed as soon as possible by buyer or seller, all the essential details being recorded.

Naturally, before accepting an order, the seller will have considered the financial standing of his customer, and if the terms are not C.O.D. (cash on delivery), he will ask for, or make enquiries as to references (see page 92).

BINDING CONTRACTS.—Under the Sale of Goods Act, 1893, " A contract for the sale of any goods of the value of £10 or upwards shall not be enforceable by action unless the buyer shall accept part of the goods so sold, and actually receive the same, or give something in earnest to bind the contract or in part payment, or unless some note or memorandum in writing of the contract be made and signed by the party to be charged or his agent in that behalf."

"The provisions of this section apply to every such contract, notwithstanding that the goods may be intended to be delivered at some future time, or may not at the time of such contract be actually made, procured or provided, or fit or ready for delivery, or some act may be requisite for the making or completing thereof, or rendering the same fit for delivery."

A CONTRACT in ordinary business parlance is usually understood to be a sale of goods for delivery at some future time.

CONTRACT NOTE.—A contract note is sometimes issued. It may be granted by an agent on behalf of his principal or direct as between trader and trader. Certain of these contract notes require stamp duty. The following is an example of a contract note on a sale of shares.

EXAMPLE OF BROKER'S "SOLD" NOTE

229, BANK STREET,
MANCHESTER.

27th June, 19..

BROKE, STOCK & CO.

BOUGHT by order and on account of

Mr. Henry Roseberry

(Subject to the rules of the Manchester Stock Exchange)

100 M. N. Co.'s Pref. Shares

@ $2\frac{7}{8}$ 287 10 0

Brokerage @ 3d share 1 5 0
Stamps 1 10 0

£290 5 0

Broke, Stock & Co.,

Stock & Share Brokers.

For July 5/19—Settlement.

On the next page is an example of contract note with binding contract.

QUOTATIONS, PRICE LISTS, ETC.—A quotation may be given verbally or in writing. It is simply a statement by a would-be seller giving the prices and conditions on which he will supply certain articles. It is usually given after an enquiry has been made.

A price list is essentially a list of quotations.

CONTRACT FORM

Kindly quote Order No. on Invoice and Delivery Note.

Order No. 2781

MANCHESTER, 27th Oct., 19..

MEMORANDUM OF CONTRACT BETWEEN

FRED CHARLTON & COMPANY, LIMITED.

M Dept.

and Messrs. Rathbone, Jackson & Co.

for the following goods bought this day—

Pieces.	Width.	Length.	Reed & Pick.	Yarns.	Weight.	Head- ing.	Descrip- tion.	Price.	Delivery.
200	30/31	yds. 60	21/31	A. & E.	—	1 W 2 B 3 R.	S 366	24/6.	weekly :— 50 pieces.

IMPORTANT.—All contracts and orders to be valid and binding upon F. C. & Co. must be signed by a director of that Company. If any goods delivered hereunder are not in accordance with the contract and are rejected by F. C. & Co., they shall have the option or right of either cancelling the contract to the extent of the quantity of goods so rejected or of having same re-made and re-delivered.

All disputes relating to this contract shall be referred to the tribunal of arbitration of the Manchester Chamber of Commerce to be determined in accordance with the rules of the tribunal.

Signed, F. Carruthers, Dept. Manager.
J. Dempsey, Director.

Order No.

This portion to be signed and returned immediately to M
Dept. at 2994 Lever St., Manchester,
28th Oct., 19..

To MESSRS. FRED CHARLTON & Co.
Gentlemen,

We have entered your contract No. 2781 dated 27th Oct. according to the particulars sent, the conditions of which we accept on the form.

IMPORTANT.—All contracts and orders to be valid and binding upon F. C. & Co. must be signed by a Director of that Company. If any goods delivered hereunder are not in accordance with the contract and are rejected by F. C. & Co., they shall have the option or right of either cancelling the contract to the extent of the quantity of goods so rejected or of having same re-made and re-delivered.

All disputes relating to this contract shall be referred to the tribunal of arbitration of the Manchester Chamber of Commerce to be determined in accordance with the rules of the tribunal.

Signature,
Rathbone, Jackson & Co.

QUOTATION

PARKINSON, PEAK & COMPANY,

Cheese Merchants,

Stilton House, Cheddar Street, Manchester.

8th July, 19..

Messrs. J. BIRKBECK & Co.,

Southend Street, COLNE.

Dear Sirs

We beg to offer you the following quotations, which are our extreme limits—

Cheshire, No. 1.....	78/-	} Ex Manchester.
„ No. 2.....	75/-	
Cheddar, superb	80/-	

We await your valued favours, and beg to remain,

Respectfully yours,

PARKINSON, PEAK & COMPANY.

PRICE LIST.—A price list is furnished either at the wish of a probable buyer or as the seller thinks fit. The prices therein mentioned are the actual prices at which the firm issuing the list is prepared definitely to sell. In this respect it differs from a PRICE CURRENT, a document which is intended only to give the general trend of prices, the latter not being in any way binding.

Frequently price lists are issued with conditional clauses, “for this day only,” or “subject to being in stock or receipt of order by return.” These forms are illustrated on pp. 7-9.

TENDERS, ESTIMATES AND SPECIFICATIONS.—An ESTIMATE is a document showing the prices and conditions under which a person offers to supply certain goods, or to perform a particular piece of work. It is not usually sent until a request is made for it.

FORM OF ESTIMATE

G. C. Henshall, Esq.,

Priory House,

Prestonpans.

Walker Road,

Prestonpans.

8th July, 19..

Dear Sir,

I undertake to do the following work at Priory House, and perform it to your entire satisfaction—

OUTSIDE. Paint all outside walls with two coats best oil paint, and a final coat of white enamel; down-spouts, etc., to be varied by red.

INTERNAL WORK.

Drawing Room. Clean off all paint on woodwork, and repaint in colours to be approved by you, two good coats of best oil paint. Strip walls and ceiling, thoroughly wash them, and cover with duresco.

Dining Room. The same treatment as Drawing Room with the exception of the ceiling, which is to be treated in accordance with special design submitted and approved by you.

PRICE. My price for the above work is the sum of one hundred and ninety pounds (£190 0s. 0d.)

Yours faithfully,

GEORGE DECORATOR.

TENDERS.—Advertisements like the following frequently appear in the daily press, and it is the custom for public and other large bodies to advertise in this fashion—

MANCHESTER ROYAL INFIRMARY

TENDERS FOR PROVISIONS, COAL, ETC.

The BOARD of MANAGEMENT are prepared to RECEIVE, on or before 9 a.m. on Wednesday, May 24, separate and sealed TENDERS, properly endorsed, with samples if practicable, for the SUPPLY to the above Institution and to the Barnes Convalescent Hospital, Cheadle, Cheshire, of Bread, Meat, Butter, Cheese, Bacon, Beer, and Groceries for a period of six months

from the 1st July next ; also for the supply of Pure Unskimmed Milk for a period of twelve months from 1st July next ; also for the Supply of Best House Coal, Engine Coal, and Slack for a period of six months, or alternately for twelve months, from 1st July next.

Forms of tender and all information may be obtained on application at the Infirmary.

The Board do not pledge themselves to accept the lowest or any tender.—By order,

WALTER G. CARNT, General Superintendent and Secretary.
Manchester Royal Infirmary, 17th May, 19..

The estimate forwarded in reply to such an advertisement is a tender. A tender may be an offer to purchase or to sell goods, or to perform certain specified work. It should be noted that the person inviting the tenders is not bound to accept the lowest or any tender offered, and that no contract exists until a tender has been accepted.

All documents intended for the perusal of foreigners, should, as far as possible, be couched in the language of the country to which they are destined.

COMMISSIONS AND BROKERAGE.—Agents, that is, persons who buy and sell and perform other services on behalf of their principals, are remunerated for their services by payment of what is known as commission. This payment is usually calculated at a percentage on the amount of business done, represented either by the actual amount of the sales or by the actual amount of cash received from the sales.

When agents represent a number of business houses, they are often spoken of as Commission Agents.

An agreement should always be entered into by firms with their agents, such agreements clearly indicating the terms and conditions of each agency.

BROKERAGE.—Brokerage is the amount paid to a Broker as the price for his services. This, like commission, is usually paid on a percentage of the business done, but whilst it is usual for brokerage to be charged on every transaction as it takes place, the commission to an agent is paid at greater intervals of time, say monthly or every three or six months. A Broker performs duties similar to an Agent, but it is not usual to enter into an agreement with him.

His duty is mainly to buy or sell goods or negotiate other business for principals when and as occasion requires.

An Agent, particularly a representative of a firm in some particular town, is generally expected to be prosecuting daily the business of his principals.

A Broker is an intermediary and the agent of both buyer and seller for the purpose of any particular transaction. The brokerage paid to stockbrokers is often termed commission.

A DEL CREDERE COMMISSION is an additional commission charged by an agent, in return for which he guarantees payment for the goods sold through him.

DISCOUNT is an allowance made by the seller to the buyer and consists of (1) what is known as a trade discount which is given either as custom of the trade or on some special consideration, such as the taking of large quantities of goods. In many businesses, *e.g.*, some sections of the hardware trade, the nominal market prices of goods are seldom altered, but when the market rises or falls the trade discount is reduced or increased; (2) a prompt or cash discount which is allowed in consideration of prompt settlement of accounts or for payment within a stated time. If an account is paid before due date there is usually a further cash discount

Discount is generally calculated at so much per cent., but in some cases it takes the form of interest at so many days.

PAYMENT OF ACCOUNTS.—Payment of accounts is regulated by custom of trade and by agreed terms. No generally applicable statement can be made as to the terms of such payment. While some accounts are strictly net, others are subject to a discount, the latter varying according to the circumstances.

It is common when accepting bills of exchange as payment for accounts, not to allow discount, but here again there is no uniformity in practice, interest or discount being allowed by many firms in consideration of receiving good three months' bills.

The following terms are used in connection with "payment of accounts."

"Prompt cash" means payment practically as soon as the goods are delivered. In actual practice, it allows time to examine the goods, and whilst in no case it should exceed seven days, the average time is three days.

"Net" or "Ready cash," sometimes termed "cash," means settlement within a period of ten days.

The above terms strictly indicate net values, the practice being, if there is a discount, to deduct it from the invoice amount thus—

				£	s.	d.
To goods	..	..	..	500	0	0
Discount $2\frac{1}{2}\%$	..	..	..	12	10	0
				<hr/>		
"Net cash"	..	..	..	£487	10	0
				<hr/>		

or to name the gross amount, *e.g.*, £500, and then to write "Less $2\frac{1}{2}\%$ due net cash."

C.O.D.—C.O.D. terms are such as compel the buyer to pay for goods immediately before they are handed over to him.

In this connection the letters C.B.D. are sometimes used to indicate "cash before delivery."

The payment of accounts in connection with foreign trade is largely in the hands of banks or other representatives who hold the bills of lading for the goods shipped either for (1) payment in cash ; (2) acceptance of a bill of exchange for payment ; (3) payment of the value of a bill of exchange.

The following terms are often seen on shipping invoices ; "cash against documents," indicating that the goods must be paid for on delivery of the bill of lading and policy of insurance ; "documents against acceptance," indicating the above documents must not be handed over until a bill of exchange is accepted. "Documents against payment" indicates that the buyer must pay or honour a bill of exchange before being entitled to shipping documents.

CONDITIONS OF SALE.—The following terms are used in connection with terms and conditions of sale and purchase of goods—

QUALITY.

Pattern or Sample. A sample is a specimen of goods, particularly of raw products, food-stuffs etc. A pattern refers chiefly to specimens of manufactured goods, such as silks, cotton goods, etc. When goods are sold by pattern or sample, the seller guarantees that the goods in bulk shall be fully equal to that pattern or sample.

Type or Standard.—This term is used when referring to a recognised standard or type of goods (mainly agricultural). Goods sold on these terms are usually sold “to arrive,” that is, for delivery at some future time. Should the goods when tendered be inferior to the type, an allowance is usually made. In some cases, where a difference exists between the standard and the goods tendered, the custom of the trade is to refer the matter to arbitration.

Description, sometimes termed *Brand*.—Where goods are sold according to some particular description, they must be strictly in accordance with that description. This term is also used when goods are sold under well-known names or brands, or it may be, under a certain trade mark.

PRICE.

The following are common terms relating to price—

Loco.—When goods are quoted “loco.” it means that the price is fixed “just where the goods are” and the buyer has to pay for removing them.

At Station, signifies the price, delivered at the seller’s railway station, cartage paid.

On rail means that the price includes all charges up to the time the goods are placed in the Railway Company’s trucks.

Free alongside (f.a.s.) indicates that the price includes all charges incurred in placing the goods alongside the vessel (barge or lighter charges inclusive).

f.o.b. (free on board).—This price includes all charges up to and including the placing of the goods on board, but not freight.

c. & f. (cost and freight).—This is the price inclusive of all charges to the destination of the vessel, except insurance.

c.i.f. (cost, insurance and freight).—As “c. & f.,” plus insurance.

Franco, or “*franco domicile*,” “*rendu*” or “*free*,”—When goods are sold “franco” etc., the price includes all charges up to and including delivery at the buyer’s address. This includes any import duty and every other possible charge.

In the Import Trade the following terms are used—

Landed terms, meaning the price to include all charges up to

and including the landing of goods at the port of destination. It may include barge or lighter charges, dock dues, cartage, etc.

In bond.—When goods are “in bond” they are lying in what is known as a “bonded warehouse” and cannot be removed until the necessary duty has been paid. When goods are sold “in bond,” the duty will be paid by the buyer.

Duty paid.—Duty-paid goods are goods on which all duty has been paid.

DELIVERY.

The seller must give reasonable facilities to the buyer to obtain possession of the goods purchased, though unless the contract for sale stipulates, he is not compelled to carry them to the buyer. Under the heading “Delivery” may be noted the following terms—

Ready delivery means that the goods are ready to be delivered immediately.

Prompt delivery also means that the goods are ready to be delivered, but in some cases it means that they will be delivered in a few days.

Near delivery.—This means that the goods are likely to be delivered in a few days.

Forward delivery.—In this case the goods are to be delivered at some future time.

Example—Goods sold in April for delivery in August.

To arrive.—Goods bought “to arrive” are chiefly goods which are on the high seas, *i.e.*, imported goods. Delivery will be effected as soon as they are received by the seller.

f.a.s.—See under “Price” *re* this term.

Free overside.—Where goods are sold “free overside” the seller’s responsibility ceases as soon as they leave the slings overside the ship. The buyer must provide lighters to receive the goods.

Spot.—Goods sold “spot” are goods actually in sight, “on the spot” and ready for delivery.

Ex quay.—Goods to be delivered *ex quay* are to be taken by the buyer when the goods are landed on the quay.

Prompt sale means a sale of goods to be paid for and to be delivered on a certain date known as the “prompt date.”

Ex ship.—A term used to signify that as soon as the goods leave the vessel the seller's responsibility ceases.

Ex warehouse.—Goods are sometimes sold on "ex warehouse" terms. This means that the price is practically *loco*. Removal must be made by the buyer from the warehouse of the seller.

Shipment.—By the term "16th April, shipment" it is understood that goods are to be on board by the 16th April or that the vessel must sail by that date. In connection with the latter, the term "sailing" is used.

PAYMENT.—See under "Payment of accounts," page 104.

GENERAL CONDITIONS OF SALE.

The Sale of Goods Act, 1893, applies generally to all purchases made in this country and should be carefully perused by traders. Contracts relating to the sale of goods, wares or merchandise are exempt from Stamp Duty.

"A *Condition* is something on which the contract depends, and which if broken or not fulfilled will entitle the party not in fault to repudiate the contract, but if he chooses he can proceed with the contract and sue the other party for "Breach of warranty."

"A *Warranty* is merely a promise, express or implied, that in case there is a failure to perform the terms of the contract, the party injured by such failure shall be entitled to compensation."

Example—

Mr. X. offers to sell his horse for £150. Mr. M. says he will take it if Mr. X. will warrant that the horse is free from vice and sound in wind and limb; otherwise he will not buy. On Mr. X. giving such warranty, Mr. M. buys the horse. In such a case, the granting of the warranty is the "condition" on which Mr. M. bought the horse, and therefore if the horse be unsound, etc., the condition is broken and in such case Mr. M. can compel Mr. X. to take back the horse and return to him the purchase money, but he may, on the other hand, keep the horse and sue for damages—say for a reduction in the price. If Mr. M.

had agreed to buy the horse without stating that he bought it only on the understanding that it was sound, etc., but had simply asked for a warranty from Mr. X., he would receive a "warranty" pure and simple, and could then only sue for damages if the horse proved unsound, *i.e.*, if not as warranted. He could not demand his money back and return the horse.

Unless the circumstances of the contract are such as prove a different intention, there is an implied condition on the part of the seller that he has a right to sell the goods; and where there is an agreement to sell, that he will have the right to sell the goods at the time when the property is to pass; and that the buyer shall have quiet possession of them. When goods are sold by sample, the bulk must correspond with it, and the buyer is allowed to compare the bulk with sample. Where sold by description the goods must correspond with that description. In both cases the goods must be merchantable.

Seller's Rights.—If a buyer wrongfully neglects or refuses to pay for goods, the unpaid seller can sue for the amount of them. While in possession of goods, the seller has a lien or the right to retain them for the amount of their value.

In case of insolvency, he has the right of stopping the goods in transit. In certain cases he has a right of resale.

Lien.—An unpaid seller of goods who is in possession of them, can keep them until the time he is paid, unless terms of credit have been arranged. If the terms of credit have been exceeded, or the purchaser becomes insolvent, the seller has still a lien on the goods.

Stoppage in transitu.—Where the seller has parted with the goods, and before payment the buyer becomes insolvent, the former resumes his lien on the goods and may request delivery to be withdrawn, but if the goods are actually handed over to the buyer the transit is at an end and the lien fails.

Resale.—An unpaid seller can exercise a power of resale under the following conditions—

1. Where the goods are perishable.
2. Where, by the terms of the contract, the seller expressly reserves to himself the right of resale in case the buyer makes default.

3. Where the seller gives notice to the buyer that he intends to resell and the buyer does not, within reasonable time, pay for the goods or tender the price for them.

Goods on approval.—Goods on approval are goods that may be accepted or refused after examination.

Auction.—A sale by auction is complete on the fall of the hammer, but before that happens, any bidder may retract his bid—not afterwards.

RECORDS OF PURCHASES AND SALES.—There is now a large amount of statistical data kept in business houses, not the least important of which are records of purchases and sales.

Records of purchases are kept mainly with the idea of giving ready information as to the particulars of certain lines of goods, and from whom they can or have been obtained, etc.

Records of sales refer either to sales to individual customers or to aggregate sales. All such records may be kept with advantage on the card index principle, *e.g.*: Card Index for recording Sales to individual customers. This card may be perused by a representative before calling upon a customer. It is also used by Directors or Partners at intervals, the object being to maintain previous trade or to increase it.

SALES AND PURCHASES

111

Name of Customer, Oldham, Fernley & Co., Ltd.Address, Lever St., Leicester.Account opened, Jan., 1912

A 1

SALES FOR YEAR ENDING DEC. 30TH.

Dpt.	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920
H	£	£ 202	£ 300	£ 515	£ 790	£ 470	£	£	£	£
J		99	105	720	250	190				
T			79	218	144	272				
D		77	760	1,015	875	643				
W				20	650	790				
A		260	520	110	792	1,010				
K		700	290	2,700	3,107	5,011				
F										
P			990	760	998	2,400				
Z										
U				90	790	1,110				
Total		1,338	3,044	6,148	8,396	11,896				

Terms. 20/19, due 15th following month, 2½%.

Names of Buyers. Henry Taylor.T. Smith.Jas. Schofield.

BACK OF CARD

[illegible]

Week ending---Sept. 9th, 1917 ---

Made out---Sept. 12th, 1917 -----

SALES

STOCKS

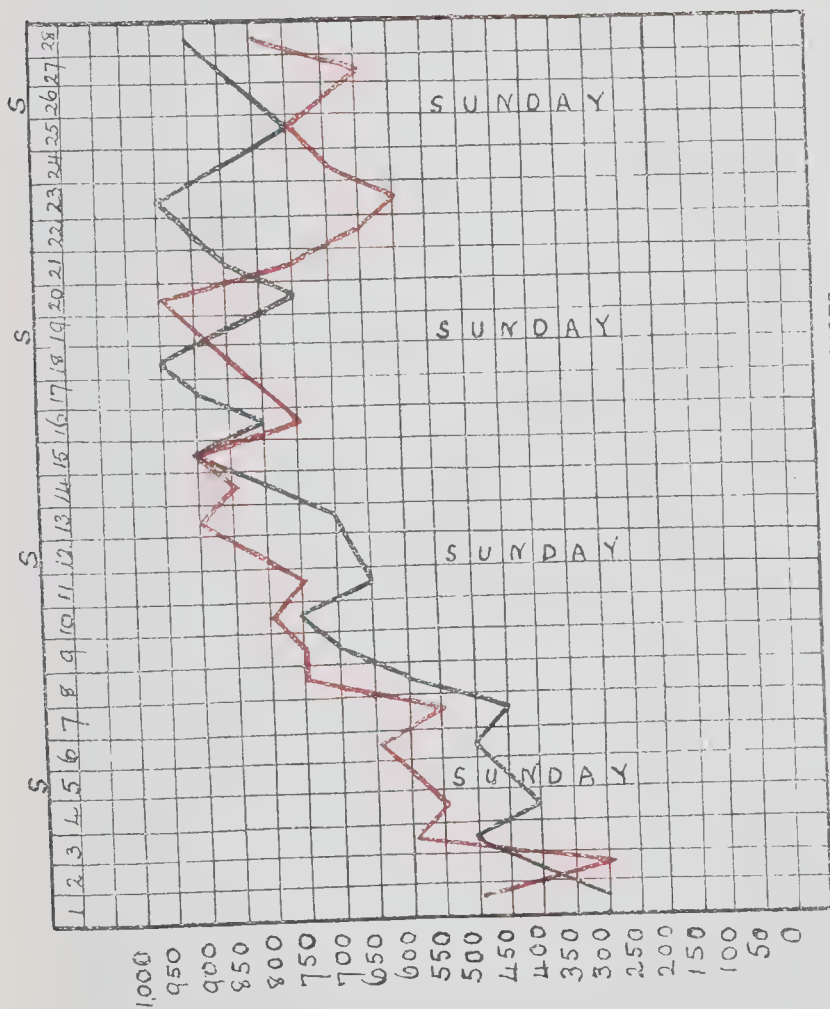
1917.

1916.

Depart ment.	Week ending. 9/9/17	Average previous four weeks.	Since Stock- taking.	Since Stock- taking.	Average of four weeks.	9/9/17	Last Week.	Last Year.
	£	£	£	£	£	£	£	£
A	5,700	5,200	75,000	73,000	5,000	10,500	10,000	11,250
B	2,100	1,900	30,100	25,000	1,600	5,900	6,700	7,100
C	1,910	2,100	28,700	24,000	1,860	8,000	7,200	9,150
D	4,280	3,690	60,000	65,000	4,100	20,500	18,600	22,750
E	940	790	14,000	12,700	650	2,900	2,300	3,210
F	7,100	6,650	94,100	84,120	5,700	8,600	10,900	11,480
G	10,085	9,750	140,900	128,500	7,100	19,750	23,100	28,000
H	—	—	—	—	—	—	—	—
TOTAL	32,115	30,080	442,800	412,320	26,010	76,150	78,800	92,940

Sales for month ending---Sept. 30th, 19....

Dept.	London.	Man- chester.	Birming- ham.	Country.	Scotland.	Ireland.	Continent.	America.	Far East.	TOTALS.
Fancies	702	10,005	7,846	20,006	2,690	3,912	10,094	6,050	12,700	74,005
Greys	1,901	18,409	3,110	19,412	3,109	2,101	2,412	1,094	5,290	56,838
Hats	650	271	564	1,090	1,910	402	1,009	3,012	991	9,899
Hollands	1,911	420	652	874	1,011	750	4,109	2,091	702	12,520
Ribbons	2,011	1,091	758	656	790	290	—	790	—	6,386
Silks	1,091	2,702	1,090	2,056	250	372	510	1,091	—	9,162
Velvets	2,071	2,201	3,002	1,090	995	1,011	2,711	2,111	3,102	18,294
Woollens	1,090	1,572	1,211	2,119	846	712	4,300	5,912	2,111	19,873
TOTALS	11,427	36,671	18,233	47,303	11,601	9,550	25,145	22,151	24,896	206,977



QUESTIONS

1. Name some of the important points to be kept in mind when buying and selling goods.
2. What are the provisions of the Sale of Goods Act, 1893, with regard to a binding contract ?
3. What is a Contract Note ? Give an example.
4. For what purpose are Price Lists used ?
5. Give a definition of an Estimate, and state in a general way the particulars usually included.
6. What do you understand by a Tender, and for what purpose is such a document used ?
7. Give definitions of the terms Commission, Brokerage, Del Credere Commission, and Discount.
8. What is the meaning of the following terms when used in connection with Prices: loco, on rail, f.a.s., franco, landed terms, in bond.
9. The following terms are used in connection with the delivery of goods. Give the meaning of each: Prompt Delivery, Forward Delivery; Free Overside; Spot; ex-Ship.
10. Show by example the difference between a Condition and a Warranty.
11. Give an explanation of "Stoppage in Transitu."
12. What system would you adopt in recording "Aggregate Sales" ?

CHAPTER X

INVOICING

WHEN goods are sold or services performed, an account termed an invoice is sent to the buyer or to the person responsible for the payment of the services rendered. It contains the detailed particulars of all goods sold and these refer to quantity, quality, description, price and any other necessary information, including charges (it may be) for carriage, insurance, etc. In like manner, details will usually be given of services rendered.

Invoices may be divided into two general classes, viz.: Home Trade invoices and Shipping invoices.

What is known as a *pro forma* invoice, though mainly used in connection with shipping invoices is, however, sometimes used in connection with Home Trade transactions. As its name implies, it is an invoice "for form"—for form's sake. It is not a real charge note. In the Home Trade, such an account might be sent immediately on receipt of an order from a person with whom no trade had previously been done, and of whose financial standing there might be some question, in which case, cash would be asked for before delivery. Again, in the shipping Trade, a *pro forma* invoice would be made out when it was desired to ascertain what the total cost of a shipment of goods would be, including all charges up to delivery to the customer. The price of the goods being known, the particulars as to carriage, freight, insurance, dock dues, landing charges, customs, etc., would be readily ascertained, as these vary according to the value of the goods, weight, measurement, etc. This *pro forma* invoice would be sent to a person making enquiry as to price of certain goods for a particular market, and to him it would amount to a quotation. On the other hand, the prices quoted for Foreign Trade often include all charges up to a certain point of delivery.

Examples of invoices are so readily available that it is not intended to give numerous examples or to state the detailed particulars

affecting each particular class of invoice, but attention is directed to the examples below, the "heading" of the second being somewhat out of the ordinary course.

Telegraphic Address: "SEMPER."
Telephone: Nos. 28973, 28974, City.

37 DALE STREET,
MANCHESTER,
6th July, 19..

Messrs. O. B. Oldham & Company,
Newton Moor.

Bought of THE SOUTH LANCASHIRE TRADING CO., LTD.

Terms: $2\frac{1}{2}\%$ due 10th of following month; all accounts under £1 strictly net.

		Yards	Price	£	s.	d.
34 pcs.	SM27, each 80 yards	2720	$2\frac{1}{2}$ d.	28	6	8
19 pcs.	DR19, each 60 yards	1140	$2\frac{1}{4}$ d.	10	13	9
				£39	0	5

METHOD IN THE PRODUCTION OF AN INVOICE.—Whilst the practice of writing out invoices by hand is still largely continued, a good many are now typewritten, and gradually the hand-written invoice is being superseded. In many business houses, the "Order, blank and invoice duplicate" system is in use. This is an arrangement by which the order form (as to the works, etc.), and the invoice are made out at one operation.

In modern business houses the particulars required for invoices (without values extended) are supplied by the trading departments on slips of paper to the Invoice Department, a duplicate of which slip is retained by the Trading Department, whose duty it is to enter the value of it in a Department Invoice or Charge Book. The rule is to forward the invoice on the day of delivery of the goods, and on the following morning a comparison is made between the amount extended by the Invoice Department and that by the Trading Department. This system detects any errors that may

have been made in the invoice, and correction is therefore made not later than one day after the despatch of the invoice.

CHECKING OF INVOICES.—The receipt of an invoice indicates to the buyer that the goods he has ordered have been despatched, and as soon as possible, it should be checked in regard to its main details, which naturally will be quantity, quality and price. A common practice is to stamp an invoice with a rubber stamp, the impression thereof giving particulars similar to the following examples—

F. DEPT.	
QUANTITY___T. M._____	CHECKED BY___J. B._____
QUALITY___J. R._____	SUPERVISED BY___S. P._____
PRICE___S. P._____	
DIRECTOR___O. O._____	

MILL DEPT.	
QUANTITY	BOUGHT BY___T. L._____
OR	
WEIGHT___T. M._____	EXAMINED BY___J. R._____
QUALITY___O. C._____	
PRICE___J. B._____	GEN. MANAGER___J. F._____

The persons who check the goods will place their initials in the spaces as indicated, the General Manager or a Director being the last person to sign. Until properly signed, invoices are not passed for payment.

STATEMENTS.—A statement or Statement of Account is sent out some time after the invoice has been despatched. It contains in

summarised form, the particulars of the invoices covering a certain period, thus—

492, DALE STREET,
MANCHESTER,
4th July, 19..

¹ 241

Messrs. Orlando Benson Oldham & Co.

To HENRY HALLSWORTH & CO., LTD.

ALL COMMUNICATIONS TO BE ADDRESSED TO THE COMPANY.

			£	s.	d.
June	1	To Goods	17	4	1
"	2	" "	18	9	11
"	6	" "	100	2	9
"	8	" "	1	10	8
"	15	" "	74	6	5
"	23	" "	219	18	11
"	27	" "	14	17	2
"	29	" "		10	8
"	30	" "	4	5	0
			451	5	7
June	3	By Credit	2	1	0
"	17	" "	10	8	0
			£ 438	16	7

PENCE NOT ALLOWED.

ONLY THE COMPANY'S PRINTED FORM OF RECEIPT WILL BE RECOGNISED.

The sending out of a statement is practically a request for payment. What are known as "Stock-taking Statements" are frequently asked for. These are simply to confirm the records of purchases appearing in the books of customers at the stock-taking period. Another form of statement is known as an "Account Current," which though chiefly used in connection with foreign trade, is sometimes met with in Home-trade houses.

COLLECTION OF ACCOUNTS.—By some firms engaged in the Home Trade, the somewhat old-fashioned practice is still adopted of paying

¹ Ledger folio.

EXAMPLE OF A "STOCK-TAKING" STATEMENT

N.B.—Please read all printed matter, and give same your special attention.

NOTICE.—Remittances being sent from our Head Office, on behalf of our branches, be good enough to address your accounts and receipts direct to 95, Morrison Street, Glasgow.

Scottish Co-operative Society, Ltd.,

*Central Offices:—95, Morrison Street,
Glasgow*

HALF-YEARLY STOCK-TAKING AND AUDIT OF ACCOUNTS

For Half-Year Ending 1st July, 19..

On form on other side kindly furnish us with Statement of ACCOUNT OWING (whether due or not) up to and including 1st July, 19.... Deduct all returns, discounts, etc., and show exact *net balance*. Should your account be clear, write across form "Nil." Your immediate attention will much oblige.

Yours respectfully,

SCOTTISH CO-OPERATIVE SOCIETY, LTD.

N.B.—We expect the form to be returned whether account be clear or otherwise.

Folio__217__

SCOTTISH CO-OPERATIVE SOCIETY, LTD.

To Messrs.---Oldham, Fernley & Co., Ltd.,-----

NOTE.—This Statement is in addition to the usual account rendered for payment.

TERMS: Net.

19..	June	25	To Goods	||	17	11	||	June	28	By Cr.	..	||	2	1	8
	28		„	||	3	2	1	||		Net Balance	||	289	1	5	
	„		„	||	107	17	10								
	„		„	||	104	10	11								
	29		„	||	1	0	4								
	30		„	||		18	3								
	„		„	||	72	15	9								

£ 291 3 1

£ 291 3 1

Signature---Oldham, Fernley & Co., Ltd.-----

Do not return this form without signing it.

-----4th July,-----19__

accounts over the counter. The more modern and more business-like practice is to remit all accounts by post. Paying over the counter wastes the time of clerks, who frequently have to spend half a day in collecting less than a dozen accounts. This is due to the fact of having to wait their turn at the offices where "pay day" is still an institution. There is the further drawback to the practice in the risk attaching to the carrying about of so much money or money's worth.

In connection with the collection of accounts may be mentioned the collection of sums representing matured bills of exchange. On receipt of Bills of Exchange, they are (1) retained by the Cashier until maturity, or (2) paid away in settlement of accounts, or (3) discounted with bankers or bill discounters, or (4) handed to Banks for collection in due course, in the latter case the banker doing precisely what the trader would do in the first case.

In the shipping trade, accounts are often collected from traders before the delivery of the bills of lading and other documents. Particularly is this the case with native traders in the Far East.

AVERAGE DUE DATE.—When goods are arranged to be delivered at different dates, it is usual, instead of drawing a bill for each of the amounts representing the value of such goods, to draw a bill for the whole amount. The question then arises as to the average due date of payment or period of equation.

As an example goods are shipped on the following dates

Goods to the value of	£270	on	June 24th.
"	"	"	" £450 " July 9th.
"	"	"	" £280 " July 31st.

From what date must a bill be drawn to cover the sum of £1,000 which is the total of these amounts?

The method is to find the number of days between the first date and each of the other dates; thus

June 24th to July 9th is 15 days.

June 24th to July 31st is 37 days.

Multiply each amount by the number of days thus assigned to it, add up the products thus obtained and divide the amount then arrived at by the total amount of the accounts.

EXAMPLE

June 24th	£270 × 0 ..	17110	
July 9th	£450 × 15 ..	6,750	1000 .. 17·11, say 17 days.
July 31st	£280 × 37 ..	10,360	
	<u>£1,000</u>	<u>17,110</u>	

Add this result to the first date and we have June 24th plus 17 days equals July 11th. The same result will be arrived at by adopting the reverse process, that is, working back from the last date thus—

July 31st—July 9th	..	22 days × £450	..	9,900
July 31st—June 24th	..	37 days × £270	..	9,990
July 31st—		— × £280	..	—
		<u>£1,000</u>		<u>19,890</u>

$\frac{19890}{1000}$ — 19·8 days, approximately 20 days.

Taking 20 days from July 31st, which is the last date given in the example, it will be found that the average due date is July 11th, the same result as arrived at in the first example.

QUESTIONS

1. What particulars are usually included in an Invoice?
2. For what purpose is a Pro Forma Invoice used? Give an example.
3. What steps would you take to ensure the correctness of an outgoing invoice?
4. What method of checking would you adopt for Invoices Inwards?
5. Give a specimen of a Statement and state its uses.
6. What is the difference between a Statement and an Invoice?
7. Give an example of a "Stock-taking" Statement and state its uses.
8. What do you understand by Average Due Date?
9. If the following accounts are due on the dates named, what is the Average Due Date?

April 25th, £140.

June 19th, £420.

June 29th, £150.

July 16th, £84.

10. Make out an invoice for the following goods and deduct discount at the rate of $2\frac{1}{2}$ per cent.

2 doz. Cotton Streamers @ 8s. 9d. per doz. .

3 doz. Red Ensigns, 15" x 12" @ 1s. 8d. per doz.

48 yds. 52" Blue Serge @ 1s. 5 $\frac{1}{2}$ d. per yd.

36 yds. 30" Red Twill @ 3 $\frac{1}{4}$ d. per yd.

1 Case charged 3s. 6d.

Per Midland Railway. Carriage Paid

CHAPTER XI

RAILWAYS AND CANALS

We have now to consider the importance of the great lines of communication as factors in the development of the country.

The following is a list of the chief railways, the principal towns on the systems, and the nature of their traffic—

RAILWAYS AND CHIEF TOWNS.

1. THE LONDON AND NORTH-WESTERN, from Euston Station, London to Carlisle, through Rugby, Stafford, Crewe, Warrington, Wigan, Preston, and Lancaster.

Main Branches.

- (a) Crewe to Holyhead, through Chester.
- (b) Crewe to Liverpool, through Runcorn.
- (c) Crewe via Stockport to Manchester, and thence a branch runs to Leeds and the West Riding of Yorkshire.
- (d) Crewe to Shrewsbury, Hereford and South Wales.
- (e) Rugby to Stafford, through Birmingham and Wolverhampton; and from Nuneaton there is a stretch of line leading to Leicester.

2. THE GREAT WESTERN, from Paddington Station, London, to Penzance through Reading, Bath, Bristol, Taunton, Exeter, Plymouth, Bodmin and Truro.

Main Branches.

- (a) Reading to Taunton, via Westbury.
- (b) Didcot to Chester, through Oxford, Warwick, Birmingham and Shrewsbury.
- (c) Swindon to Worcester, through Gloucester, Malvern, and Hereford.
- (d) Westbury to Weymouth (The Great Western Packet Station), via Yeovil and Dorchester.

CHARACTER OF TRAFFIC.

Irish, American, and Scotch traffic; manufacturing and agricultural produce, minerals, fish, milk, the mails, etc.

Heavy goods from Birmingham and cotton goods from Lancashire.

Mining and agricultural produce and fish from Cornwall. More milk arrives at Paddington than any other London station.

Fishguard is a growing American port.

The Great Western is also the line for tourists to Devon and Cornwall.

RAILWAYS AND CHIEF TOWNS.

- (e) Bristol to Fishguard, via the Severn Tunnel, Newport, Cardiff, Neath, Swansea, Llanelly, and Carmarthen.
- (f) Bristol to Penzance, via Taunton, Exeter, Plymouth, and Truro, throwing out branches to Barnstaple, Torquay and Falmouth.

3. THE MIDLAND, from St. Pancras, London, to Carlisle, via St. Albans, Luton, Bedford, Kettering, Leicester, Chesterfield, Sheffield and Leeds, and then turning to the north-west it passes Bradford and Keighley, on its way to Settle and Appleby.

Main Branches.

- (a) At Trent Junction one branch runs eastward to Lincoln, via Nottingham; whilst westward a line goes to Derby, and through the Peak District to Manchester and Liverpool.
- (b) Derby to Bristol, through Birmingham, Worcester, Cheltenham and Gloucester.
- (c) Settle to Heysham (the Midland Railway Port for Ireland), via Lancaster and Morecambe.

4. THE GREAT NORTHERN, from King's Cross Station, London, to York, via Peterborough, Grantham, Newark, Retford and Doncaster.

Main Branches.

- (a) At Doncaster, a line branches off to Wakefield, Bradford and Leeds, this being the shortest route between the Metropolis and these important Yorkshire cities.
- (b) There are also branches to the more important places in Lincolnshire, notably Lincoln, Boston, Louth and Skegness.

5. THE GREAT CENTRAL, from Marylebone Station, London,

CHARACTER OF TRAFFIC.

Boots and shoes from Leicester; hosiery and lace from Nottingham and District. Coal from South Lancashire, South Yorkshire, and North Notts.; woollen goods from Yorkshire; and cutlery and hardware goods from Sheffield and Birmingham respectively.

Through Scotch traffic, agricultural produce in the Fen district, and coal and manufactured goods—particularly woollens—from the North.

Fish and Continental traffic from Grimsby, cotton and woollen goods.

RAILWAYS AND CHIEF TOWNS.

through Rugby, Leicester, Nottingham and Sheffield. Here it divides, one branch running to Grimsby and Hull, and another through Penistone to Manchester and Liverpool.

6. THE NORTH-EASTERN is practically a continuation of the Great Northern. It stretches from York to Darlington, Durham and Newcastle to Berwick-on-Tweed, where the North-Eastern Railway system ends. There is a branch running from Newcastle to Carlisle; one from Leeds to Scarborough, via York; and another via Milford Junction to Hull.

7. THE GREAT EASTERN, from Liverpool Street Station, London, through the Eastern Counties to Cambridge, Ipswich, Norwich and Yarmouth. This Company owns two lines, both of which run to Norwich, one by way of Cambridge and Ely, and the other through Chelmsford, Colchester, Ipswich and Yarmouth. From Cambridge a line also extends to Doncaster, through Ely, March, Lincoln and Gainsborough.

8. THE LONDON AND SOUTH-WESTERN, from Waterloo Station, London, to Exeter, via Woking, Basingstoke, Salisbury and Yeovil.

Main Branches.

- (a) Woking to Portsmouth and the Isle of Wight.
- (b) Near Basingstoke, a branch leads to Winchester and Southampton, thence to Weymouth via Dorchester.
- (c) Exeter to Barnstaple, Bideford and Ilfracombe.
- (d) A branch line from Exeter running to the south leads to Exmouth; another skirts the north of Dartmoor and turning to the south reaches Plymouth; and a third leaves the Plymouth line at Okehampton for Launceston and Padstow.

CHARACTER OF TRAFFIC.

in Lancashire and Yorkshire, and dairy produce at Aylesbury.

This line passes through the industrial districts of Northumberland and Durham, and then into Yorkshire. Coal, iron, woollens, and Scotch traffic. This railway also conveys a large number of tourists to the watering places on the East Coast of Yorkshire.

Agricultural machinery and produce; fish and general goods. The line passes through several of the chief grain-growing counties of England.

Agricultural produce, fish, machinery and plates for the dockyards of Portsmouth and Devonport, and traffic with Channel Isles, America, West Indies and Africa, from Southampton. Tourists to South Coast and Isle of Wight.

RAILWAYS AND CHIEF TOWNS.	CHARACTER OF TRAFFIC.
<p>9. THE LONDON BRIGHTON AND SOUTH COAST RAILWAY, from Victoria Station, London, to Brighton and other places on the South Coast, including Portsmouth. The main line runs through Croydon; Three Bridges, the junction for Tunbridge Wells; Keymer that for Lewes, Newhaven and Eastbourne.</p>	<p>French traffic, via Newhaven; tourists to Brighton and South Coast resorts, and agricultural produce.</p>
<p>10. THE SOUTH-EASTERN AND CHATHAM.</p> <p>(a) From Victoria and Holborn Stations, London, to Dover, via Chatham and Canterbury.</p> <p>(b) From Charing Cross Station, London, to Folkestone, via Chislehurst, Tonbridge Junction and Ashford.</p>	<p>French traffic, via Folkestone and Dover; agricultural produce and fruit.</p>
<p>11. THE LANCASHIRE AND YORKSHIRE. The main line of this company, commencing at Liverpool, runs by Wigan, Bolton, Bury, Rochdale and Halifax, to Leeds, throwing out branches to the other great towns of Lancashire and the West Riding of Yorkshire.</p>	<p>Cotton, woollen and iron goods; fish agricultural imports, Continental traffic via Hull, and American traffic via Liverpool.</p>

SCOTTISH RAILWAYS

1. THE CALEDONIAN.—The Caledonian line leaves Carlisle and proceeds via Lockerbie, Carstairs, Stirling, Perth, and Forfar to Stonehaven and Aberdeen. It has working arrangements with the L. & N. W. R. of England. Its main branches are from Glasgow to Edinburgh; Perth to Dundee and Dunblane to Oban (through Callander).

2. THE NORTH BRITISH.—A continuation of the North-Eastern Railway of England, this line commences at Berwick and runs to Edinburgh. From the latter place, there is a branch to Glasgow via Falkirk; another to Dundee via Forth Bridge; and a third to Carlisle via Dalkeith, Melrose and Hawick. Another branch commences at Glasgow, passes Dumbarton, and runs almost due north, along the eastern shore of Loch Long, to Tarbet (on Loch



RAILWAYS OF IRELAND.

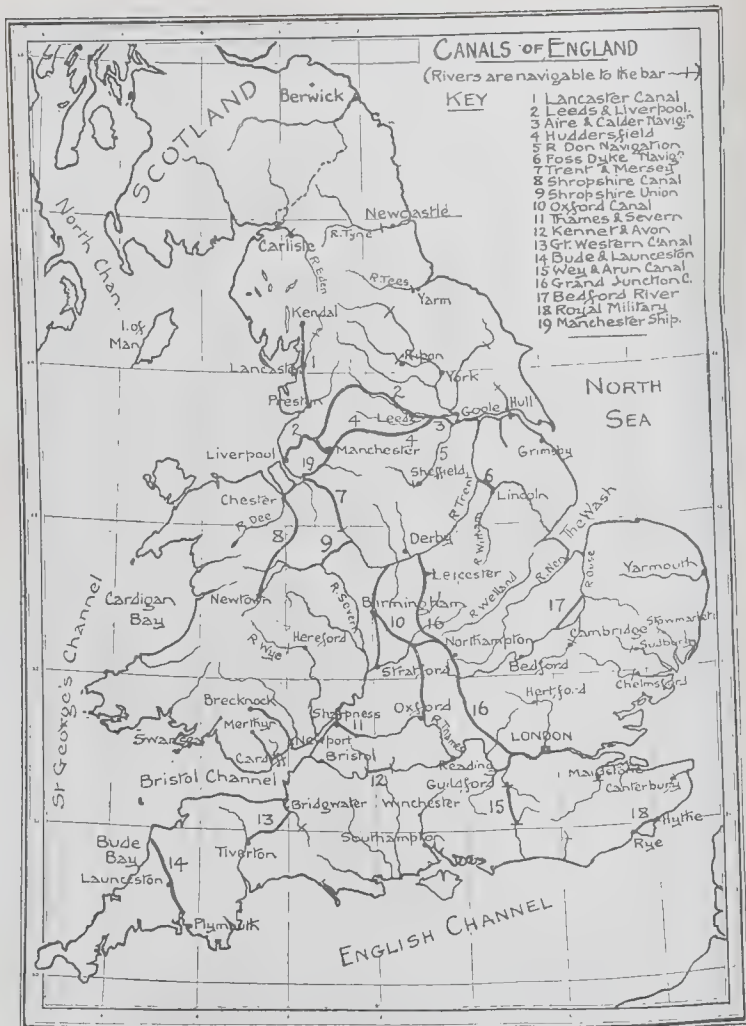
English Miles

0 10 20 30 40



(Rivers are navigable to the bar ~+)

- 1 Lancaster Canal
- 2 Leeds & Liverpool
- 3 Aire & Calder Navigⁿ
- 4 Huddersfield
- 5 R Don Navigation
- 6 Foss Dyke Navigⁿ
- 7 Trent & Mersey
- 8 Shropshire Canal
- 9 Shropshire Union
- 10 Oxford Canal
- 11 Thames & Severn
- 12 Kenner & Avon
- 13 Gr. Western Canal
- 14 Bude & Launceston
- 15 Wey & Arun Canal
- 16 Grand Junction C.
- 17 Bedford River
- 18 Royal Military
- 19 Manchester Ship.



Lomond). After passing Ben More and Ben Nevis, it at last reaches its destination at Fort William, which is at the southern end of the Caledonian Canal.

3. GLASGOW AND SOUTH WESTERN.—This line is practically a continuation of the Midland Railway of England, with which it has working arrangements. From Carlisle it proceeds via Annan, Dumfries and Kilmarnock to Glasgow. At Dumfries, a branch diverges to Port Patrick via Glenluce and Stranraer; and from Glasgow, there is a branch to Girvan through Ayr.

The Caledonian, North British, and Glasgow and South Western Railways compete for the heavy minerals and manufactured goods traffic of the Lowlands.

4. HIGHLAND.—The Highland Railway runs from Perth to Thurso, through Dunkeld, Forres, Nairn, Inverness, Beaulieu, Dingwall, Tain, and Lairg. The Dingwall and Skye line leaves the Highland Railway at Dingwall for Strone Ferry.

5. GREAT NORTH OF SCOTLAND.—This line connects the Caledonian and Highland Railways, and runs from Aberdeen to Elgin. Branches are sent off (1) to Peterhead; (2) to Banff; and (3) to Ballater (for Balmoral and Braemar).

IRISH RAILWAYS

1. THE GREAT NORTHERN RAILWAY OF IRELAND.—This line, which serves the Province of Ulster, and parts of Leinster and Connaught, commences at Dublin, and follows the coast to Dundalk via Balbriggan and Drogheda. From Dundalk it proceeds through Newry and Portadown to Belfast (the largest city in Ireland). Leaving Belfast the main line passes through Antrim, Coleraine and Londonderry to Donegal. There is a branch connecting Dundalk with Sligo via Clones and Enniskillen. The goods traffic is of a varied description. Large quantities of grain, breadstuffs and porter are carried from Dublin, Dundalk, and Drogheda; and coal from the ports to the interior.

2. MIDLAND GREAT WESTERN RAILWAY OF IRELAND.—This line commences at Dublin and proceeds nearly due west across the central plain of the country to the coast of Galway, passing through Mullingar, Athlone and Ballinasloe.

3. THE GREAT SOUTHERN AND WESTERN RAILWAY OF IRELAND.—This important Irish line stretches from Dublin on the east coast,

to Killarney, Valencia Harbour, Kenmare and other termini in the extreme south-west. From Limerick, it goes as far north as Sligo, *viâ* Tuam and Claremorris; southwards to Cork, Wexford, Queens-town and Youghal; south-east it reaches to Waterford and Ross-lare, while other branches radiate to all parts of the southern and western counties. It provides the overland mail route between Europe and America, Australia and New Zealand, *viâ* Queenstown. Practically half of its revenue is derived from the conveyance of emigrants to America and elsewhere and of tourists visiting Killarney and other notable places of interest and beauty in the province of Munster. Its goods traffic consists mainly of agricultural produce and live stock.

4. DUBLIN AND SOUTH EASTERN.—This line, formerly called the Dublin, Wicklow and Wexford Railway, proceeds from Amiens Street and Harcourt Street stations, Dublin, along the south-east coast of Ireland, through Kingstown, Bray, Wicklow, Avoca, Wooden-bridge, Arklow, Enniscorthy and Macmine. From the latter place, it diverges, one line going to Wexford, another to Waterford.

This line is much used by the business men of Dublin who reside in Wicklow. The chief class of goods carried is stone from the Ballece quarries near Rathdrum, and the Parnell quarries near Arklow. There is, too, a large amount of agricultural produce for the Dublin market.

CANAL SYSTEMS OF GREAT BRITAIN

In the United Kingdom there are 4,670 miles of Canals and navigations. In England and Wales alone, canals extend to 2,800 miles, nearly half of these being owned or controlled by Railway Companies. In Scotland there are some 200 miles of canals, and in Ireland about 800 miles. Canals were first introduced on a commercial basis in this country by the third Duke of Bridgewater, who, between 1757 and 1761, constructed the Bridgewater Canal.

From 1760 to about 1830, practically the whole of the canal system of this country was constructed, the chief exception being the Manchester Ship Canal. These canals gave to commerce an easy means of transport in place of the roads, which at the period mentioned were in an extremely bad condition; and in consequence the cost of production of commodities was cheapened and the area of commerce was widened. The canals prospered until the coming

of the railways in the second quarter of the nineteenth century, and although some of them continued for a long time to retain a large share of the transport industry, many of them fell into disuse, and most of them are now unprofitable to both owners and commerce.

It would appear that in almost every case, the canals were constructed for local purposes and not with any ultimate idea of linking up each system and providing thereby a means of inter-communication between all parts of the country. There has been, however, a linking up of many of the systems, but the commercial advantages obtained are strictly limited. The widths and depths of the several canals vary materially and only boats or barges of small width and draught can proceed freely from system to system. Still, even where goods have to be transported from one class of vessel to another, it is in some cases possible to obtain a through rate by canal, some of the canal proprietors having working arrangements to effect this.

For many years there has not been the same business-like activity in developing our internal waterways as there has been in regard to railways. To some extent the railway companies are responsible for this, for, by retaining their hold of the canals, they lessen—what after all is but a limited amount of—competition. In 1906, a Royal Commission was appointed, presided over by Lord Shuttleworth, to consider the following matters with reference to canals—

- (1) Their present condition and financial position.
- (2) The causes which have operated to prevent the carrying out of improvements by private enterprise, and whether such causes are remediable by legislation.
- (3) Facilities, improvements and extensions desirable in order to complete the system of through communication by water between the centres of commercial, industrial or agricultural importance and between such centres and the sea.
- (4) The prospect of benefit to the trade of the country compatible with a reasonable return on the probable cost.
- (5) Expediency of canals being made or acquired by public bodies or trusts, and the method by which the funds for the purpose can be obtained and secured, and what should be the system of control and management of such bodies.

In their final report, dated December, 1909, "the *majority* of the commissioners were of opinion that waterways, even in their present condition, can obtain some share of local traffic in populous and industrial districts where numerous works or collieries and wharves are situated on their banks or in their neighbourhood. In such cases waterways are competing, not against their modern rival the railway, but against their original rival, the road, but the evidence also shows our waterways do not, except to a small extent, and therefore, it may be assumed, cannot, in their present condition, effectively compete with railways for long distance traffic.

After considering at length the great policy of waterways improvement adopted in France, Belgium and Germany, and the results of that policy, the commissioners believed that with the modifications which differing circumstances make necessary, it could be applied to this country. Their first recommendation is the constitution of a central public authority or waterway board, consisting of three or five commissioners, which should acquire certain existing routes by a procedure resembling that adopted in the Port of London Act. The routes in question constitute what is popularly known as the "Cross," since they take the plan roughly of a St. Andrew's Cross, with centre at Birmingham and extremities at London, Hull, Liverpool and Gloucester. The commissioners propose that the navigation for these routes should be made capable of accommodating barges of 100 tons at an estimated cost of about seventeen and a half millions, to be defrayed in part by the State. They do not, however, press the adoption of this scheme without further enquiry. They recommend that the Waterway Board should, on appointment, review the whole situation on the lines of practical business, and they further suggest that the Development Commissioners under the new Act, might exercise controlling functions for the waterways, leaving part administration to the Waterway Board, as in the case of the roads and the Road Board.

The cargo carried on canals consists chiefly of bulky material, particularly minerals. Coal represents about 45 per cent. of the

total tonnage. Other goods carried include iron ore, pig-iron, building materials—stone, bricks, tiles, slates, timber, road materials—gravel and clay. Canal transit is slow, but there is no shaking (so common on rail and road). It is particularly suitable for the carrying of coal, as no loss is incurred either by the mineral falling out of the barge or by the breaking up, which usually takes place when the vehicle of transit is subject to sudden stoppages, collisions, etc.

Canal barges with cargo destined for other ships can draw alongside the latter, and in such cases there is no need for them to enter dock or harbour for the purpose of loading. Where speed is not the first consideration, canal traffic is advantageous, as the rates for carriage are much lower than those paid for transit by rail. Railways certainly have the advantage in speed, but this only applies where there is a direct fast service of goods trains. In many cases, the railway is little speedier than the canal. There appears to be a prospect of motor barges being used on canals, and if this is successful the use of canals will be increased.

EXAMPLE OF A "THROUGH ROUTE" BY CANAL
(From *Bradshaw's Canals and Navigable Rivers of England and Wales*)

Navigations.	From	To	Miles.	Locks.	Maximum size of vessels that can use the Navigations.	Approximate Draught of Water.
<i>Birmingham Canals</i>	<i>B'ham.</i>	<i>Aldersley</i>	15	24	71'6" × 7'1½"	3' 6"
<i>Stafford and Worcester Canal.</i>	<i>Aldersley</i>	<i>Heywood</i>	21	12	72'0" × 6'9"	4' 0"
<i>Trent and Mersey Canal</i>	<i>Heywood</i>	<i>Preston Brook</i>	54½	54	72'0" × 7'0"	4' 0"
<i>Bridgewater Canal</i>	<i>Preston Brook</i>	<i>Runcorn</i>	5½	10	71'1" × 15'0"	4' 4"
<i>Manchester Ship Canal</i>	<i>Runcorn</i>	<i>Eastham</i>	12	1	600'0" × 80'0"	26' 0"
<i>River Mersey</i>	<i>Eastham</i>	<i>Liverpool</i>	6			
			114	101		

THE MANCHESTER SHIP CANAL.—This canal, which is totally different in character from our inland navigations, deserves special mention,

The entrance to the Ship Canal at Eastham is 19 miles from the bar at the mouth of the river Mersey, and the access is from the sea via the lower estuary.

The access channel has been excavated to a depth of 20 feet below Old Dock Sill, Liverpool.

The Ship Canal is $35\frac{1}{2}$ miles in length, and the principal Docks are at Manchester, a distance of 50 miles from the sea.

The Ship Canal throughout and the four large Docks at Manchester have now been deepened from 26 feet to 28 feet.

The bottom width at the full depth is 120 feet.

LOCKS.—There are five sets of Locks, the dimensions being as follows—

	Small Locks. feet.	Intermediate Locks. feet.	Large Locks. feet.	Rise.
Eastham.....	150 by 30	350 by 50	600 by 80	.....
Latchford	350 „ 45	600 „ 65	14 ft. 6 in.	
Irlam.....	350 „ 45	600 „ 65	16 ft. 0 in.	
Barton	350 „ 45	600 „ 65	15 ft. 0 in.	
Mode Wheel (Manchester)	350 „ 45	600 „ 65	13 ft. 0 in.	

MANCHESTER DOCKS.—The area of the Manchester Dock Estate is $406\frac{1}{2}$ acres, including the water area of 120 acres. The Quays are $6\frac{1}{2}$ miles in length and $286\frac{1}{2}$ acres in extent.

The following canals are of some commercial importance—

The Aire and Calder and Sheffield and South Yorkshire Junction Canal serves the West Riding.

Birmingham Canals Navigations. This is a series of canals situated in South Staffordshire, East Worcester and North Warwickshire.

Bridgewater Canal, in South Lancashire and North Cheshire; constructed by the third Duke of Bridgewater, and opened in 1761. It was the first important canal promoted in England.

The Gloucester and Birmingham Navigation Company's Canals, radiating round the West of England districts.

The Grand Junction Canal connects Birmingham and the Midlands with London

The Kennet and Avon Canal connects Bristol (the Avon) with Reading (the Thames).

The Lancaster Canal connects the towns of Kendal and Preston.

The Leeds and Liverpool Canal connects the Mersey with the Ouse.

The Regent or North Metropolitan Canal is situated in London and enjoys a considerable trade.

The Thames and Severn Canal joining the two rivers named, is under the control of the Gloucester County Council.

The Rochdale Canal extends from Sowerby Bridge in Yorkshire to Manchester.

The Shropshire Union Canal; an important canal owned by the L. & N. W. Rly. Co., which connects Birmingham with the Severn.

The Trent and Mersey (formerly called *The Grand Trunk*) Canal, connecting the two rivers named and thus forming a link between Birmingham and Liverpool.

The Weaver Canal, in Cheshire.

The Wilts and Berks Canal.

SCOTTISH CANALS

The Caledonian Canal, from Inverness to Fort William. This canal uniting with Lochs Ness, Oich and Lochie, connects the East with the West coasts, vessels thus avoiding the dangerous North coast.

The Crinan Canal is a short waterway across the Peninsula of Kintyre and affords a convenient passage for vessels plying between Glasgow and the Hebrides.

The Forth and Clyde Canal from Dumbarton on the Clyde to Grangemouth on the Firth of Forth.

IRISH CANALS

There are several excellent canals in Ireland but they lack development.

The Grand Canal, connecting Dublin with the Shannon by way of Tullamore and the Bog of Allen.

The Royal Canal, connecting Dublin with the Shannon via Mullingar.

The Ulster Canal, connecting Loughs Neagh and Upper Erne.

The Newry Canal, connecting Lough Neagh with Carlingford Lough.

QUESTIONS

1. Give a list of the principal towns on the London and North-Western Railway.
2. If you had to go from London to Plymouth, by what line would you travel and through what towns would you pass ?
3. In taking a journey from Manchester to London by the Midland Railway, through what towns would you pass, and what industries are carried on in these towns ?
4. What important towns are served by the Great Northern Railway, and what class of traffic is carried by this line ?
5. By what railway companies would you expect the fish traffic between Grimsby and London to be carried ?
6. If you had to send a consignment of goods from Sheffield to Rugby, by what company would you send it ?
7. Assuming you live in London and decided to spend your holidays at Hastings, by what line would you travel and through what towns would you pass ?
8. What are the chief goods carried by the Lancashire and Yorkshire Railway Company, and what districts are served by this line ?
9. Name the chief Scottish and Irish Railways.
10. Of what use to commerce are Canals ?

CHAPTER XII

DESPATCH OF GOODS

IN connection with the Home Trade, goods are despatched by road, tramway, railway and canal. The introduction of tramways and motor vehicles as conveyers of goods has made an impression on business men, causing something like a revival in road traffic. Notwithstanding recent innovations, however, the most important means of transit is still the railway, canals undertaking but a limited amount of carrying trade.

Recent features in connection with the railway system of this country have been (1) the establishment of working agreements between two or more systems mainly with a view to reducing competition and expense; (2) the introduction of the zone system of fares; and (3) the development of local train services and the carriage of small parcels; the cause of (2) and of (3) has been undoubtedly due to the competition of trams.

When forwarding goods by a Railway Company, Parcels Company, Canal, or other means of conveyance, a receipt is usually obtained either on a Delivery Note or in a Delivery Book specially ruled and printed for the purpose. These receipts should be carefully preserved, as it may be necessary to produce them at some later time in order to prove delivery of the goods.

The Delivery Book is most commonly ruled with columns to show (1) the date; (2) the name of the consignee (the person to whom the goods are being sent); (3) the consignee's address; (4) the packages delivered; (5) the name of the carrier; and (6) the signature of the receiver.

A Consignment Note similar to the one shown on page 17 must be filled up when forwarding goods by rail.

(1) RAILWAY.—(a) *Parcels Conveyed by Passenger Trains.*—Although railway companies are not compelled to carry by passenger train any goods other than "perishables," they do, in

normal times, undertake to carry parcels by passenger trains, if they are delivered at the station from which they are to be sent at least ten minutes before the departure of the train by which they are intended to be forwarded, and the companies collect, free of charge, from warehouses, co-operative stores, and other establishments in all important towns, parcels for conveyance by passenger trains. A Parcels' Receipt or Delivery Book, after the style of a Parcel Post Register should be kept for use when parcels are handed to the railways. The companies also deliver parcels, free of charge within the ordinary delivery limits of principal stations, and to addresses within half a mile from large country stations. Persons who wish to forward parcels by any particular railway company should communicate with the goods manager at their station, and he will arrange for the company's carts to call at convenient hours, and will also supply a card for exhibition in the window to notify when there are parcels for collection. On these cards the proper initials of the railway company are printed in bold, conspicuous letters.

Specified fragile articles, or packages which are very bulky in proportion to their weight and parcels containing brittle articles are charged 50% above the ordinary rates, when carried at the company's risk, and 25% above the ordinary rates when carried at the owner's risk; unspecified packages of similar nature 50% above ordinary rates.

There are some articles such as statuary and delicate scientific instruments which certain companies will refuse to carry except at owner's risk.

DESPATCHING PARCELS.—In despatching parcels it often saves trouble and delay (should the address label become detached), if the consignee's and sender's addresses be put on a label inside the package, as well as the ordinary one outside the package. All goods should be well and carefully packed and protected; unless this is done railway companies and other carriers are not liable for damage during transit.

TRAFFIC CONVEYED AT REDUCED PARCELS RATES.—A long list of articles will be found in the Time Books of the railway companies, which are conveyed at reduced parcels rates at owner's risk, but the sender in this case must sign a risk note to that effect. In these cases the parcels must reach a certain minimum weight, which is

rarely less than fourteen pounds, and, in most cases, greater. The principal articles of this kind are set forth in the table below—

Bacon	Fruit	Nuts
Biscuits	Game	Plants
Boots	Hams	Poultry
Bread	Honey	Rabbits
Butter	Hosiery	Seeds
Carpets	Ice	Tobacco
Cheese	Lard	Type
Cotton Goods	Leather	Vegetables
Dyed Goods	Linen Goods	Wall Paper
Eggs	Margarine	Woollen Goods
Fish	Meat	Yarn

SAMPLES.—Samples of various commercial articles are carried by most of the railway companies at reduced rates, but these are carried at the owner's risk, the railway company not being responsible in the event of damage or loss. The articles given in the list below may all be forwarded upon these terms under certain conditions with regard to weight.

Alkali	Hop Bitters	Spirits
Bricks	Oil Cake	Stone
Cider	Patent Manures	Sugar
Cotton	Phosphates	Sultanas
Currants	Plaster	Superphosphates
Figs	Raisins	Wines
Floor Cloth	Rice	Wool
Flour	Slag	Worsted
Grain	Slate	
Hay	Soap	

CLASSIFICATION OF PARCELS.—Valuable parcels containing very fragile precious goods of a greater amount in value than ten pounds are charged at an increased rate over and above the ordinary rates of carriage ; and the railway companies will not be answerable for the loss or damage of such articles contained in any parcel or package beyond ten pounds in value, unless at the time of booking,

the sender shall declare the value and nature of such articles, and shall pay the increased charges specified in the company's tables.

The railway companies reserve the right of inspecting all goods when the value is declared to exceed ten pounds, to ascertain that the articles are in accordance with the declaration, are in good condition, and are well packed. The companies also reserve the right of sending a representative to be present when such goods are unpacked, and they claim the privilege, when there are several such packages, that the value of each shall be declared separately but that the charge for insurance shall be upon the total value.

FOUR CLASSES OF VALUABLE AND FRAGILE GOODS

There are four classes of these valuable and fragile goods.

CLASS 1

- | | |
|----------------------------|---|
| 1. Stamps. | 12. Hand-made lace. |
| 2. Maps. | 13. Engravings. |
| 3. Silks. | 14. Trinkets. |
| 4. Furs. | 15. Bank Notes. |
| 5. Clocks. | 16. Title Deeds. |
| 6. Plated goods. | 17. Writings. |
| 7. Coins. | 18. Bills of Exchange. |
| 8. Bullion. | 19. Orders, notes or securities for the payment of money, foreign or English. |
| 9. Jewellery. ¹ | |
| 10. Watches. | |
| 11. Gold and Silver plate. | |

CLASS 2

- | | |
|---|-----------------------------------|
| 1. Glass, except such as is named in Class 4. | 3. Precious stones, set or unset. |
| 2. China from manufacturers or factors. | 4. Jewellery. ² |

CLASS 3

Pictures and Paintings.

CLASS 4

Glass and China.³

¹ Not containing precious stones from or to manufacturers or factors.

² Not from or to manufacturers or factors.

³ Other than from manufacturers or factors.

(b) *By Goods Train*.—Goods are elaborately classified in the "General Railway Classification of Goods by Merchandise Trains," an extract from which is shown below—

GENERAL RAILWAY CLASSIFICATION OF GOODS.

	Class		Class.
Cork Mats	3	Corves (small Waggon for use in Collieries), in full truck loads, Station to Station . . .	1
Cork Shavings, Cuttings, or Dust	3	<i>E.o.h.p.</i>	2
Cork Socks—		Cotters, iron or steel, <i>e.o.h.p.</i> . .	C
<i>In boxes, cases, or casks</i> . .	3	Cotton, felled, or pulp (for filtering Beer)	2
<i>In white rod hampers</i>	4	Cotton, raw, in press-packed bales	1
<i>In bags or canvas bales</i> . .	4y	Cotton, raw, <i>e.o.h.p.</i>	2
<i>E.o.h.p.</i>	5	Cotton, Collodion, wet, containing not less than 35 per cent. of water, in waterproof inner packages, contained in strong iron-bound wooden cases . . .	5
Cork Wood	3	Cotton, Collodion, wet, in bottles packed in cases . . .	5
Corkscrews	3¶	Cotton Banding, for driving Spindles	2
Corks and Bungs	4	Cotton Belting, for driving Machinery	3
<i>Corks, old, and Bungs, when accompanying Ale for the same consignee, to be charged at the rates for Ale</i>		Cotton Mill Sweepings, not oily, in 2-ton loads	1
Corleith, packed	3	Cotton Powder Nos. 1 & 2, or Tonite—(see Special Classification, p. 286).	
Corn Bins	3	Cotton Seed Oil—	
Corn Crushers—(see Agricultural Engines, &c., p. 195).		<i>In casks or iron drums, round or tapered at one end</i>	1+
Corn Flour, Patent	2++	<i>E.o.h.p.</i>	3
Corn, Indian	Cg+	Cotton Seed Oil Refuse, in casks or iron drums . . .	C
Corn Mills (Portable)—(see Agricultural Engines, &c., p. 195).		<i>In less lots than 2 tons</i> . .	1
Corn Oil or Maize Oil, in casks or iron drums, round or tapered at one end	1+	Cotton, Silicate, or Slag Wool— <i>In casks, bags, bales, or cases</i>	C
<i>E.o.h.p.</i>	3	<i>In less lots than 2 tons</i> . .	1
†Cornice Poles, wood, in bundles, without rings or ends, not gill	3y	<i>E.o.h.p.</i>	2
Cornish Powder—(see Special Classification, p. 284).		Cotton Tie Clips, packed . . .	C
Corozzo Nuts, packed	2	Cotton Waste, not oily, for paper-making, hydraulic or steam press-packed . . .	C
<i>e.o.h.p.</i>	3	Cotton Waste, not oily, not for paper-making, hydraulic or steam press-packed . . .	1
Corrosive Chemicals—(see Special Classification, pp. 319 to 352).			
Corrosive Sublimate—(see Special Classification, p. 333)			
Corrugated Iron	Ci		
Corrugating or Guttering Machines, <i>e.o.h.p.</i>	3		
Corrugating or Guttering Machines, not packed . . .	4		

† If not properly protected by packing, to be only accepted at Owner's risk.
 ‡ Grocery List No. 1. ¶¶ Grocery List No. 2. ¶¶ Hardware List.
 g. Grain List. i. Iron and Steel List. y. Reduced rate at Owner's risk.

Classes A-B are applicable to consignments of 4 tons and upwards ; C, to consignments of 2 tons and upwards ; Classes 1-5 generally for smaller packages. In the publication named there is a scale of charges for small parcels not exceeding 3 cwts. by which accounts may be very readily checked. Two rates are quoted for every article. "Company's risk" (C.R.) rate, and the "Owner's risk" (O.R.) rate.

The railway company usually collects the goods, which must be accompanied by a Consignment Note giving all required particulars of the transaction ; this is really the contract between the sender of the goods and the railway company. On the back thereof are printed the general conditions under which the goods are accepted for transmission. The counterfoil to each, filled in with the chief particulars, is signed by the carman who received the goods on behalf of the company.

In filling in this note, the following matters should receive attention. The full name and address of the consignee should be inserted. Then should follow a statement of the exact number of the packages and their contents. In describing the contents, it is not sufficient to give a general description of the goods, but the precise nature should be indicated. The importance of this lies in the fact that in the "General Railway Classification of Goods by Merchandise Trains" already referred to, goods, although of the same general character, are not necessarily chargeable at the same rates. For example, there are several rates for the carriage of wool, the rate being determined by the classification, namely—

Wool, <i>raw</i>	2
Wool, <i>dressed or carded</i>	3
Wool, <i>Hatters'</i>	3
Wool Noils, Wool Tops—(as Wool, <i>raw</i>)	1
Wool Nips or Burrs	2
Wool Sheets, <i>new</i>	C
Wool, Slag, or Silicate Cotton— <i>In casks, bags, bales, or cases.</i>	1
<i>In less lots than 2 tons</i>	2
<i>E.o.h.p.</i>	

If such a consignment were described merely as one package, "Wool," it would be charged for at the highest rate applicable to Wool, whereas, if properly described, the rate chargeable might be considerably lower.

In this connection, it may be noted that by the Railway Rates and Charges Acts, 1891-1892, it is provided that "if the consigno_r

of a small parcel declines, on demand by the company, to declare to the company the nature and contents of a small parcel before or at the time when the same is delivered to the company for conveyance, the company may charge for the parcel as if it were wholly composed of articles comprised in Class 5 of the classification"; that is to say, it is charged at the highest rate. If possible, the weight of the consignment should be stated, and definite instructions should be given as to whether the goods are to be forwarded at owner's risk or at the risk of the railway company. In the latter case, the responsibility for any loss or damage, etc., rests solely on the company; but when goods are sent at owner's risk, the company is liable only when the damage or delay results from *wilful* misconduct on the part of the company's servants. The "owner's risk" rate is, of course, considerably less than that charged for goods sent at "company's risk." Although railway companies are not compelled to accept goods for conveyance unless the charges for carriage are paid when the goods are delivered to the companies, they do accept goods "carriage forward," and collect the charges from the consignee. The consignment note should contain, in the column provided, an indication as to who is to pay carriage. Although it is a common practice for the railway company, when so instructed, to look to the consignee for payment of charges, it must not be forgotten that the consignor is the person primarily liable for the charges, as it is he who makes the contract with the company.

RAILWAY RATES FOR GOODS.—It would seem, at first sight, as if non-competitive points in this country are left entirely at the mercy of the railway directors, who are at liberty to charge just as much as they please for the conveyance of goods. Practically, however, this danger is checked by two important conditions—

(1) The competition of different localities in the same market is such that, if one railway charges rates arbitrarily higher than its competitors, it renders it impossible for the localities along its route to place goods on the market at a profit, and thus the railway will quickly destroy its own traffic.

(2) Exorbitant rates may lead to the building of a parallel railroad; and however ineffective such a road may prove, after it is built, the prospect of one in the future has a tendency to keep the railway goods rates down.

At the same time anomalies may be found, and those who suffer should take steps to obtain just rates. It is the policy of the railway companies to seek to attract and encourage traffic, of course remuneratively to themselves, and they are usually ready to consider reasonable reductions from the maximum charges set out in their tables, so much so that the general charges are well below the maximum.

The Rail and Canal Traffic Act (1873) compels railways and canals to keep lists of *rates* and *distances* open for inspection, so that with the aid of the following tables rates may be checked; e.g., Class 3, Newcastle to York, say 85 miles, maximum rate £1 7s. 1d. 50; rate charged £1 6s. 8d.

The rates for carrying goods, which Railway Companies may not exceed, are set out in the Railway Rates and Charges Acts of 1891 and 1892.

In these Acts the maximum rates are grouped in six great sections, as follows—

Section.	Description of Merchandise.
I.	Goods and Minerals.
II.	Animals.
III.	Carriages.
IV.	Dangerous Goods, and exceptionally bulky articles.
V.	Perishable merchandise by passenger train.
VI.	Small parcels by goods trains.

Section I, consisting of Goods and Minerals, is divided into eight classes, the first three of which are indicated by the letters A, B, C; the last five being numbered 1, 2, 3, 4, 5.

Class.	Example of Goods.	Minimum Weight.
A	Iron Ore	4 Tons
B	Granite in the rough state	" "
C	Dyewoods	2 "
1	Raw Cotton	3 Hundredweight
2	" Wool	" "
3	Woollen Goods	" "
4	Ribbons (partly of silk)	" "
5	Silk Goods	" "

ADDRESSING OF GOODS.—The following regulations in regard to the addressing of goods have been adopted by the railway companies in Great Britain—

1. Except as otherwise hereinafter provided, goods will only be accepted for conveyance when each article or package: (a) Is fully addressed, or (b) Bears a legible distinguishing mark together with the name of the destination Station, or (c) Bears only a legible distinguishing mark on a label (on the letter card principle, showing inside the names and addresses of both sender and consignee) which may be opened by the Railway Company if, and when, occasion requires.

2. Where there is more than one article or package of the same or similar description for the same consignee, the following system of labelling will be permitted, *i.e.*—

Number of articles or packages
where the aggregate weight of the
consignment is less than 1 ton.

Up to 5 Each article or package to comply with the provisions of clause 1 above.

Above 5 up to 100.. One article or package in every *ten* to comply with the provisions of clause 1 above (with a minimum of five articles or packages labelled), but each label must also show the number of articles or packages in the consignment.

Over 100..... One article or package in every *twenty* (with a minimum of ten articles or packages labelled) to comply with the provisions of clause 1 above, but each label must also show the total number of articles or packages in the consignment.

3. Bars or rods and other similar traffic that cannot be labelled by adhesive or "tie-on" labels, must have the consignee's name and address, or the trader's mark and destination station painted, stencilled, or otherwise legibly and durably shown thereon.

4. Metal bars, and other similar articles, of dimensions not affording a suitable surface for painting or stencilling, should be bound by wire into bundles convenient for handling, and have wooden, metal, or other tallies affixed, addressed to comply with the provisions of clauses 1 and 2 above.

5. Hides, skins, and pelts, or other traffics carried loose, must have labels, or wooden, metal, or other suitable tallies affixed, addressed to comply with the provisions of clauses 1 and 2 above.

6. Every label or tally must be securely fastened to the article or package.

7. In every case the full name and address of consignee must be shown on the consignment note together with a full description of the distinguishing marks shown on the articles or packages.

NOTES.—(1) EXEMPTIONS.—The following traffics will for the present be exempt from these regulations: (a) Returned empties, when branded with the owner's name and address. (b) Any general merchandise of the same or similar description carried in consignments of one ton or upwards to a single consignee.

(2) TRAFFIC TO OR FROM IRELAND.—The Irish Railway Companies require every article or package to or from stations in Ireland to be *fully* addressed.

(3) EXPLOSIVES AND OTHER DANGEROUS GOODS.—The foregoing regulations are not applicable to Explosives, Inflammable Liquids, and certain Dangerous Goods for which conditions as regards addressing are specially provided in the General Railway Classification of Goods.

The Table on this page gives the maximum rate per ton per mile for consignments included under the eight classes of Section I, and also the maximum charges which Railway Companies are authorised to make for services at the terminals.

Rating of Goods.	Maximum Rates for Carriage.				Maximum Charges for Service at Terminals.					
	First 20 m. or under.	Next 30 m. or under.	Next 50 m. or under.	Remainder of distance.	Station Terminal at each end.	Service Terminals.			Uncovering.	
	Pence.	Per ton per mile. Pence.	Pence.	Pence.	Per ton. s. d.	Per ton. s. d.	Loading.	Unloading.	Covering.	Per ton. Pence.
Class A	0.95	0.85	0.50	0.40	0.3	—	—	—	—	—
" B	1.25	1.00	0.80	0.50	0.6	—	—	—	—	—
" C	1.80	1.50	1.20	0.70	1.0	0.3	0.3	—	—	—
" 1	2.20	1.85	1.40	1.00	1.6	0.5	0.5	—	—	—
" 2	2.65	2.30	1.80	1.50	1.6	0.8	0.8	—	—	—
" 3	3.10	2.65	2.00	1.80	1.6	1.0	1.0	—	—	—
" 4	3.60	3.15	2.50	2.20	1.6	1.4	1.4	—	—	—
" 5	4.30	3.70	3.25	2.50	1.6	1.8	1.8	—	—	—

CARTAGE CHARGES (per ton)

	Class				
	1	2	3	4	5
London	s. d. 3 9	s. d. 4 3	s. d. 5 0	s. d. 6 0	s. d. 6 8
Provincial Towns	s. d. 1 3	s. d. 1 8	s. d. 2 1	s. d. 2 6	s. d. 3 4

(2) **PARCEL COMPANY.**—The delivery of parcels has come to be quite an important business in large towns and cities. There are companies which deliver parcels to any part of such towns and cities for small sums, according to the size of the parcel and the distance it has to be carried. These rates are lower than those of the railway companies, because the parcel delivery companies make large parcels of the small ones committed to their care, and forward these large parcels to their agents in the various towns throughout the country; large parcels are carried by rail at a cheaper rate than small ones. In conjunction with the railways such companies carry parcels all over the country. Some tradesmen deliver all their out-of-town parcels to one or other of these companies. The larger business houses deliver daily by their own carts and vans within certain distances, and to points further away on certain days.

(3) **WATERWAY—Rivers and Canals.**—Water carriage is generally cheaper than land carriage. Continental countries, much more than Great Britain, keenly appreciate this and attach increasing importance to the utilisation of inland waterways. Canal traffic is not, of course, so expeditious or punctual as railway traffic, and in winter ice is sometimes a serious disadvantage; but excepting with some of the smaller canals, where the rates differ little from the railway rates, these are the advantages of transport by waterway: loading and unloading at favourable places *en route*; less risk of loss and damage; practically unlimited capacity for traffic; and cheaper rates.

The chief kinds of goods conveyed by canals are given below; they vary, of course, according to the district—

Cheese	Groceries
Chemicals	Hardware
Clay (Cornish)	Manure
Coal	Minerals
Cotton (raw)	Pottery
Earthenware	Sugar
Grain	Timber

Goods of great bulk or weight, but of small comparative value, enter London by water; while those articles which are valuable, or come in small quantities, are carried by

rail; and where speed is a necessity the railway is always chosen.

The Canal Traffic Act of 1888 established the Railway and Canal Commission to fix through rates. Under their authority a uniform classification of merchandise, similar to that adopted for railways, has been made; and uniform maximum tolls and rates have been fixed.

Particulars of the Canal Systems of the United Kingdom appear in Chapter IX.

(4) **LOCAL CARRIER.**—Local carriers as well as railway and canal companies are "common carriers," *i.e.*, those whose business it is to transport goods between certain places. A common carrier must not carry letters. He is bound to carry goods of the kind usually carried by him within his customary area for anybody who is willing to pay the usual charges, which are generally much smaller than those of the railway companies. In the absence of a special contract, he must carry by the ordinary or reasonable route, though not necessarily the shortest, and must deliver the goods to the consignee without unreasonable delay. If the consignor wishes to change the destination of the goods during transit, he may do so by giving notice to the carrier. At Common Law, the liability of a carrier is very great, and he is liable for any loss or damage which happens to the goods from the time of their delivery to him, during transit, and for a reasonable time afterwards until the goods are delivered to the consignee. This Common Law liability is, however, subject to three exceptions, and the carrier is not liable for damage caused by the "act of God," the "King's enemies," and "inherent vice" in the goods carried. Notwithstanding what has just been stated, it should be noted that it is always open to the parties concerned to make special terms limiting the liability provided express notice is given; and in this connection it may be pointed out that when, for example, goods are delivered to a carrier who hands to the consignor a ticket with general conditions printed upon it, there is evidence that the conditions are known and approved. Names of local carriers can usually be found in local railway guides and directories.

(5) **TRAMWAY.**—Authorities owning tramways usually offer facilities whereby parcels may be handed to conductors of central

Delivery Book

No. 59	Jan. 29, 19	No. 59	Jan. 29, 19
Messrs Bell & Co. Ltd.	Messrs Bell and Co. Ltd.		
Received from	Please receive from		
Boulton and Watts,	Boulton and Watts,		
in good order and condition, the	in good order and condition, the		
undermentioned goods:—	undermentioned		
3 Sowing Machines.	3 Sowing Machines.		
3 Knife Cleaning do.	3 Knife Cleaning do.		
3 Biscuit Boxes.	3 Biscuit Boxes.		
200 ft Garden Hose.	200 ft Garden Hose.		

going cars, or to offices, for delivery in the neighbourhood of a tramway circulation. A receipt-ticket is given for each parcel.

(6) SELF.—A firm's own vanman or messenger sometimes delivers parcels. In such cases, and usually where Consignment Notes are not used, the particulars of goods delivered are entered into a "Delivery Book." This may consist of leaves in two parts divided by a perforation; the smaller part being the counterfoil which is signed by the receiver and handed back to the deliverer, and the larger the Delivery Note which is handed with the goods to the receiver. Carbon copies are sometimes used instead of counterfoils. If the goods are not in order or are unexamined, a note to that effect should be put with the signature, that is a "qualified" and not a "clear" signature is given; *e.g.*, unexamined, broken open, etc.

A specimen entry in a Delivery Book will be found on page 151.

QUESTIONS

1. Name the different means, apart from the postal service, by which goods can be despatched to different parts of the country.
2. Describe the procedure of sending goods by rail from one town to another, and mention the documents which have to be filled up, or entries which have to be made in books in connection with the matter.
3. State some of the regulations regarding the conveyance of parcels by passenger train.
4. Give a list of six articles which may be sent by rail as samples at a reduced rate.
5. What special regulations are there regarding the carriage by rail of parcels containing valuable articles. Name some of the articles to which these regulations refer.
6. What is a Consignment Note, and for what purpose is it used?
7. How is it that a Parcel Delivery Company is able to charge a lower rate than that charged by the railway company?
8. What would be the cheapest way of sending a parcel of books weighing 42 lbs. from London to Liverpool?

9. Write a short essay, specifying the advantages and disadvantages of carriage of goods by canal.
10. What classes of goods are usually carried by canal?
11. Give a definition of a "Common Carrier," and state what his liabilities are.
12. Name some of the chief canals of Great Britain, and state why they are of commercial importance.
13. What are the regulations regarding parcels sent at reduced rates?
14. How would you find out the classification of goods despatched by goods train?
15. State some of the more important matters which should receive attention when filling in a Consignment Note.
16. Why is it necessary that the precise description of goods should be given on the Consignment Note?
17. Into what sections are goods grouped for the purpose of rate charging?
18. State some of the railway companies' regulations regarding the addressing of goods.

CHAPTER XIII

MONEY

THE part played by money in our modern business life is so important that everyone should have some knowledge of its origin and of the precise nature of its functions. Yet there is probably no department of knowledge of the ordinary affairs of life regarding which there is greater ignorance on the part of all classes of the community.

BARTER.—In the early days of mankind, the individual (or small bodies of individuals) produced the bulk of his own requirements. Any excess of such commodities or articles as he was in a position to produce, he would, as trade arose, exchange for other commodities or articles produced by his neighbours, and to this exchange of products the term "barter" has been given. The disadvantages attaching to this method of exchange are obvious, for the man who had some surplus oxen might indeed come across another who was in need of oxen, but who had only fruits of the soil to offer in exchange therefor, whereas the proprietor of oxen might have a plenitude of those products, but be in search of skins of animals.

Sooner or later, therefore, the need for some commodity or article which would always be acceptable in payment for others, so that any individual who had a store of it could rely at any time on being able to convert it into what he needed, would make itself apparent. Equally obvious would be the need for some common denominator of value in which the exchange value of some *indivisible* article could be set against a *number* of other articles.

THE SPECIAL QUALITY OF MONEY.—It is this need for something that can be used generally to express the measure of value that gives money a special quality of its own. A commodity in ordinary use may, indeed, be employed as money, but does not change hands *as a commodity*. While performing the function of money, it is not passed from hand to hand as a commodity to be consumed, but as stored-up value to be given sooner or later to someone else in exchange for other commodities or services. The difference, therefore, between commodities and money does not consist in the

material of which money is made, for that may, as a matter of fact, be a commodity or article in general use, but in the special function of money that has been referred to.

COMMODITIES AND SUBSTANCES FORMERLY USED AS MONEY.—In early times a great variety of commodities—or perhaps we had better say *things*—were used for the purpose of money. It seems natural enough that at the outset things in general demand were used as a common denominator of value, and the earliest records go to show that oxen were used for the purpose. The ox is not, however, an easily divided thing—at any rate, not in its living state—and is subject to a great fall in value at any time, from the fact that a dead ox does not usually possess the same worth as a live one, so that the disadvantages which attach to this form of currency are obvious. In the case of warlike tribes, weapons and slaves were used as money, whilst among those people who devoted themselves to agriculture, products of the soil were employed for the same purpose.

A few moments' reflection will serve to show that the value of some of these earlier forms of money would be restricted to certain areas; that is to say, they would be local in character, and as intercourse developed with more distant tribes, or peoples having different customs and requirements, the need for some means of exchange or payment acceptable over a wider area would make itself felt. In course of time it was found that metals served this purpose much more successfully than products of the soil, or cattle. Although gold and silver (not gold and silver *coins* be it observed) were used as a means of exchange by the earliest inhabitants of Assyria, Babylon and Egypt, tin and iron were used by the Phœnicians and Greeks respectively, and later the Romans used copper and bronze coins. Gradually, however, the base metals, with the exception of bronze, which is still used for what is known as the subsidiary coinage (although it is already giving way to nickel for this purpose), came to be less and less employed, and gold and silver became the principal forms of money throughout what we are pleased to term the civilised world. The reason for this is not at first sight perfectly clear. Gold and silver are not particularly useful; their colours are, however, pleasing to most people, and they have, therefore, from the earliest times been used for decorative purposes. This, combined with their comparative scarcity

and the possession of other qualities shortly to be described, has made them the denominators of value and the means of exchange of the greater part of the world. Their beautiful appearance and their ready adaptability would, from the first, make them popular for purposes of adornment, and as the desire of mankind for luxuries is much more insatiable than for necessities, it is easy to understand how the individual having an excess of the latter, would almost invariably be prepared to exchange them for precious metals serving the useless but pleasing purpose of adornment. People do not store up more food materials than are sufficient to supply their requirements for a short period—they would spoil—but they do store up jewellery and articles of adornment, which experience shows people will at all times, except in case of actual famine, gladly take in exchange for any surplus necessities they may possess.

QUALITIES OF GOOD MONEY.—Gold and silver do, however, in a large measure possess those other qualities which render them especially suited to the purpose of a means of exchange passing from hand to hand.

These are the qualities of being (1) durable ; (2) uniform ; (3) readily divisible ; (4) easily recognisable ; (5) convenient for transport.

Gold and silver are *durable*, and can be stored up for a practically unlimited period as they are not affected by air, water or cold ; and as regards heat it requires a very high temperature before they suffer.

They are *uniform*, because when refined, any one portion of a bar or coin is of the same fineness as any other portion.

They are readily *divisible*, for any portion can be divided into an equal number of parts without any loss of value to speak of and, by the process of smelting, can be as readily re-united, a point of equal importance.

They are easily *recognisable*, that is to say it requires no very great technical knowledge to recognise from appearance alone, a piece of gold or silver.

The comparative scarcity of gold and silver results in a high value being placed upon small quantities, a fact making for *convenience of transport*.

The position occupied by gold, and, in a less degree, silver, is a

case of the survival of the fittest, experiments having from time to time been made with other metals. In the early half of the nineteenth century, Russia, for example, itself a large producer of platinum, issued coins of that metal, but they did not prove to possess all the advantages of their rivals, gold and silver.

STABILITY OF VALUE.—A further advantage enjoyed by gold is that of being free from violent fluctuations—a most desirable quality in anything constituting a measure of value, for if in exchange for something to-day a debtor undertakes to pay in a year so much of another commodity (in this case gold), it is desirable that he should be fairly assured that a year hence that commodity would not possess twice its present value; and it is equally important to the creditor that, in calculating the value of the commodity in question a year hence, he should not have to allow for a fall to half its existing worth. The comparative scarcity of the precious metals, combined with their durability, means that the proportion of any new production is so small compared with the existing stock, that it takes a long time for any appreciable change to occur in their value.

It is not claimed that gold and silver are entirely free from fluctuations, for the last few decades have witnessed a fall in the value of silver, and it is also quite possible that increased gold production is generally lessening the value of gold by decreasing its purchasing power; but, for the reasons stated, such changes are necessarily slow, and there is probably no other commodity the value of which changes more slowly than gold.

COINS.—The invention of the coin marked a great advance in the use of money. Before its introduction, merchants and money-changers had to use scales and to make assays before the exact value of a sum of money could be determined, and the hindrance this was to trade and commerce may well be imagined. The gold, silver, bronze or nickel coin as we know it to-day is a certificate to the effect that it consists of a certain quantity of metal of a fixed fineness, and that it is one of a large number having precisely the same contents and value. In expressing a price or value as equivalent to a certain number of such coins, one stipulates for a certain number of units among an enormous quantity of similar units in circulation, and in this simplification of the means of payment and measurement of value lies the great value of coined money.

COINAGE.—This varies in different countries, the law regulating the size, fineness and weight in each. The English sovereign consists of 123·27447 grains troy of gold bullion, the latter containing copper alloy to the extent of one-twelfth, which is equal to twenty-two carat gold. Gold of this standard of fineness is worth just £3 17s. 10½d. per ounce troy. The other English coins are too well known to require mention here, and the coinage of the principal foreign countries is referred to in a later section. The coinage of money is a state monopoly, but anyone is entitled to take gold to the mint and have it coined into the equivalent number of sovereigns, free of all cost. In actual practice, however, no one does this, for during the time occupied by the process of coining there would be a loss of interest ; what is done with gold consignments is to sell them to the Bank of England for cash down, at the rate of about £3 17s. 9d. per ounce, the difference being the Bank's charge for discounting the delivery of the coins.

REMEDY.—The precision of the modern delicate machinery and instruments used in mints is such that the variations in weight and fineness of the different coins are almost infinitesimal ; none the less it is necessary that some latitude or margin of error should be allowed the mint, and this is known as the "remedy" or "remedy allowance." This, as regards fineness, is two per mille, *i.e.*, two parts in one thousand, and the remedy allowance for weight is ·2 of a grain. In other words, a sovereign on being tested is allowed to pass into circulation provided it does not deviate from the legal standard by more than ·002 as to fineness and two-tenths of a grain in weight. If outside these limits, it is remolten and coined afresh. In the case of the half-sovereign, the remedy allowance in weight is increased to three-twentieths of a grain. Similar remedy allowances, although for obvious reasons not nearly so stringent, obtain for the subsidiary (or token) coinage, *i.e.*, silver and bronze coins.

LEGAL TENDER.—By legal tender is meant money which the law allows to be valid in satisfaction of a debt. In the United Kingdom, for instance, no one can be compelled to accept more than £2 in silver or one shilling in coppers (or bronze, as this coin should, strictly speaking, be termed) in satisfaction of a debt ; consequently it is said that silver is not legal tender for sums exceeding forty shillings. In the same way, when a sovereign is of less weight than 122·5 grains it is no longer legal tender, and although within certain

limits, gold coins on which the loss of weight by wear and tear amounts to three grains per sovereign, may be called in and the full nominal value allowed, the holder of a light coin is liable to have it clipped and rendered non-circulating, receiving in exchange therefor the actual value of the gold contents. Gold and silver coins have milled edges in order that their mutilation or clipping may be rendered more difficult.

TOKEN MONEY.—Unlike the gold coins, which, if melted down should fetch their full face value, silver and bronze coins are really worth much less than their nominal value, the shilling being, in normal times, worth only about 4d. ; consequently their value is purely conventional and they are known as token money, or subsidiary coinage.

GRESHAM'S LAW.—Sir Thomas Gresham, who lived in the sixteenth century, and was Queen Elizabeth's adviser in commercial and monetary matters (he was the founder of the London Royal Exchange which bears his arms, the famous grasshopper) was the first to state clearly, something that a little reflection will make clear to everyone, namely, that bad money drives out good money from a country. This means, for example, that if a number of light or otherwise defective coins are in circulation, together with coins of full weight, people will pass on the *light* coins and will hoard the *good* ones ; so that gradually the good coins will be hoarded by private individuals, or find their way into the hands of the bankers and bullion-brokers, or become melted into bars, for when it becomes necessary to send gold or silver coin abroad, its value is determined not by its face value but by the weight and fineness.

The importance of keeping the coinage pure will readily be grasped, and in all countries the mutilation of the currency by clipping pieces off the coins or by "sweating" (shaking a number of coins together in a bag or other receptacle) is an offence visited by severe punishment.

Gresham's law applies not only to cases where light or defaced money is in circulation, but where for *any* reason part of the currency becomes of less value than the remainder. For example, if gold and silver are employed together, each being full legal tender, and the law stating that a certain weight of standard silver shall be taken as the equivalent of a certain less weight of standard gold, gold and silver coins will remain in circulation so long as the value

of the metals remains unchanged ; but directly one metal rises or falls in value so that the fixed ratio between the two ceases to be exact, that metal which has fallen below the fixed value will remain in circulation, whilst the other will gradually be withdrawn and melted into bullion (when it could be sold for more than the legal equivalent in money of the other metal) or exported.

BIMETALLISM.—The circulation of gold and silver, both being legal tender at fixed ratio, is what is known as bimetallism, and from time to time it has been supported by eminent authorities, who say that its failure in the past (for it has been adopted, and up to 1816 was in practice, in this country) has been due to its not having been scientifically applied. Most countries have now, however, adopted the single gold standard, and most of those countries which formerly had a silver currency only, *e.g.*, Japan, Mexico, etc., are adopting the single gold standard like ours.

PAPER CURRENCY.—In addition to metallic money, practically every country has in circulation a certain amount of paper money. We do not here refer to credit instruments such as bills of exchange and cheques, although these might be included in the term, for to a limited extent they can circulate from hand to hand, but actual paper money issued either by the Government or certain privileged banks, and performing exactly the same function as gold and silver coin. The paper money may be divided into two classes, *viz.*, that which is convertible at the holder's wish into metallic money, and that which is not. Bank of England notes are a familiar form of convertible paper money, for the holder is entitled at any moment to demand against surrender of the note, gold equivalent in value to the amount printed on the note. In some countries, however, the State issues inconvertible paper currency, *i.e.*, notes on which a certain value is printed, but which carry no obligation on the part of the State to pay out gold in exchange for them. This has been largely done in the countries of South America, and as there is no real check upon a Government issuing a fresh lot of these notes when it becomes pressed for funds, a great deal too much paper money of this sort has been created, with the result that Gresham's Law has come into operation and gold has disappeared from circulation, for foreign creditors would require payment in gold. While at the start there might not be any difference between the value of a gold dollar and a paper dollar, the increased supplies of

money having no real exchange value, would gradually cause gold to go to a premium (which is the same thing as saying that the paper money is at a discount) and merchants and others having to make payments abroad would find it necessary to pay more than one paper dollar in order to obtain a gold dollar or its equivalent in that metal. This disparity between the two forms of money would vary from time to time, and such fluctuations would be very injurious to trade. As already stated, this has happened in most of the South American countries and in some European ones as well, with the result that at the present time it is impossible to tell from one day to another how much the national currency of some of these countries is worth, expressed in sterling or any other foreign currency. Thus, in 1895, the Chilean dollar was nominally worth eighteen pence, and for a time only metallic currency was in circulation, but in 1898 the government of that country issued \$50,000,000 paper currency which it enacted should be accepted as legal tender, with the inevitable result that the gold currency was driven out of the country and the rates of exchange have fluctuated violently, it having required about \$17½ in 1907 and about \$22 in 1911 to buy £1 of gold.

Some of the wealthier countries which have suffered from these mistakes of currency are remedying the matter by accumulating large reserves of gold, and rendering the paper currency convertible into gold at a fixed rate, lower than the nominal value. This has worked very well, although it is still vexatious for the foreigner to have to deal with two currencies in one country. Thus, in Argentina, the nominal unit is the gold dollar, of which 5.05 go to the £1, or in other words $\$1 = 47.619d.$, but the Government has opened a conversion office which accepts the formerly inconvertible paper dollars and gives out gold in exchange therefor at the fixed rate of forty-four gold dollars for one hundred paper dollars, so that here we have a sort of hybrid form of paper currency—one that is convertible at a fixed depreciated rate, which, however, frees it from the fluctuations referred to in connection with Chili. In Brazil much the same has occurred. There the monetary unit is the gold milreis, the value of which is twenty-seven pence. A large amount of inconvertible paper currency having been issued, it fell to a considerable discount, but the Brazilian Government of recent years has withdrawn large quantities of this paper currency

from circulation and destroyed it, and in 1906 it fixed the value of the paper milreis at 1s. 3d. Towards the end of 1910 it increased the legal ratio between the gold and paper currencies by making the paper milreis 1s. 4d., and it is conceivable that, in course of time, this, as well as other countries similarly circumstanced, may be able gradually by similar means to bring the existing paper currency up to its nominal value, so that there will no longer be any discrepancy between the gold and paper currencies.

The reader who finds this phase of the currency question difficult of comprehension may solace himself with the reflection that it is one of the most intricate matters in economic science. The South American countries are, however, beginning to play a very important part in modern commerce, and as the action of Argentina and Brazil is likely to be followed by other countries similarly circumstanced, it is thought advisable to treat here a question not usually dealt with in books of this description.

Perhaps this would be a fitting place to mention that while one speaks of the gold dollar as a unit, no such gold coin exists. What do exist are gold coins of five, ten or twenty dollars, as the case may be, but it is found convenient to refer to the dollar as the unit of account. The United Kingdom, it may be mentioned, is the only country having so high a monetary unit as the sovereign, France and many other countries having the Franc, worth about 9½d., Austria-Hungary the Krone, value about 10d., and Germany the Mark, worth about 11¾d.

SPECIE AND BULLION.—These terms are often encountered in connection with money, particularly in connection with the shipment of money from one country to another to liquidate international indebtedness in the manner described later on in this work in connection with the foreign exchanges. Specie indicates gold and silver coin, whereas by bullion is meant gold or silver in bars, or in the mass, although bullion is sometimes also used to indicate large quantity of gold and silver coins.

MONEY AS MERCHANDISE.—The term "money" is often used in a special sense, particularly in the financial columns of the daily press, where one may often read that there was not much demand for money, and that rates were easier; or one may read the opposite, viz., that money was in considerable demand, and that high rates were paid for it. Here money has to be taken in the sense of

meaning loans, and the price paid, or rates, as representing the interest paid for the use of a sum of money for a certain period.

DECIMAL COINAGE.—With the exception of the United Kingdom and one or two of the dominions, practically every civilised country has adopted a decimal system of money, the unit being divided into one hundred parts. The advantages of this system in simplifying all money accounts are so obvious that they need not be dwelt upon here, and it is presumably only a question of time before we fall into line with the rest of the civilised world in this respect. It would not be a difficult matter to make our currency a decimal one, for, by making the number of farthings in the pound 1,000 instead of 960 as at present, and calling them mills, we would not have to effect many changes in our coinage.

QUESTIONS

1. State what you know about the system of Barter.
2. Name some of the earlier forms of money.
3. Why are gold and silver considered the best metals for the coinage?
4. Enumerate the qualities of good money.
5. What do you understand by "Stability of Value"?
6. How were debts settled in money prior to the introduction of coins?
7. What is a coin, and state the weight of an English sovereign?
8. The Mint price of gold is £3 17s. 10½d. per oz. What does this mean?
9. What is the meaning of the "Remedy Allowance," and how much is this in the case of a sovereign?
10. Give a definition of the term (a) Legal Tender; (b) Token Money.
11. State what you know about Gresham's Law.
12. What are the disadvantages of an Inconvertible Paper Currency?
13. Give short definitions of the following terms: Bimetallism, Monometallism, Specie, and Bullion.
14. If you had gold to sell would you take it to the Bank of England or to the Mint? Give reasons for your answer.

CHAPTER XIV

BANKS AND BANKING

FUNCTIONS OF A BANKER.—A banker buys cash and various classes of credit documents from his clients, and gives in exchange therefor, a credit in his books ; he buys other people's debts and collects them, and is, practically, a dealer in money and credit. The customer, when paying in bank notes, coin, cheques or various instruments of credit, sells them to his banker, and the relation between the two then becomes that of debtor and creditor. The banker is, of course, under the obligation of repaying on demand the amount due to the customer if the account be a current account ; but if a deposit account has been opened, the banker's obligation is to pay only at the expiration of the agreed period of notice of withdrawal.

The main portion of the banking business of the country is now in the hands of the great joint-stock banks ; which, by a process of absorption and amalgamation have greatly lessened the number of private bankers, and have also interwoven the country with a close network of branches.

The functions of a banker are—

- (a) The receipt of deposits,
- (b) The granting of loans and advances,
- (c) The discounting of bills of exchange.

The three headings may be enlarged upon as under—

(a) The receipt of deposits (*i.e.*, on "current account") results in the creation of an obligation on the part of the banker to pay money on demand. The customer's right to receive such money is evidenced by his cheques upon the banker, and the customer can transfer this right to any person he chooses.

When a "deposit account" is opened, the obligation of the banker is to pay only at the expiration of the agreed period of notice of withdrawal, as has been previously stated. Such notice may be seven days, or fourteen days, or one month. The London branches of the various Colonial banks receive deposits for such

long periods of notice, as one, two, or sometimes three years ; but the shorter terms mentioned above are more in accordance with the custom of the English banks.

(b) In granting loans and making advances, a banker employs a large proportion of his resources. The rate of interest charged on loans and advances varies considerably, as each bank fixes its own rates, which are influenced by the amount and duration of the loan, the class of security offered, the financial position of the borrower, and the state of the money market.

(c) The discounting of bills of exchange is a most important feature of the work of a bank. In discounting a bill, a banker buys the right to receive a certain sum on a definite future date (*i.e.*, the due date of the bill) and the customer receives in return the immediate right to an amount which is ascertained by deducting the banker's charge (which he terms his "discount") from the face value of the bill. The "discount" is, of course, the banker's profit on the transaction.

Commercial bills when discounted form an excellent class of banker's asset in the main. In the first place, they represent produce of some kind or other, and therefore have a *bonâ-fide* value. In the second place, every bill usually has two or three signatures, which add further to its security ; because every person who is a party to a bill virtually guarantees the ultimate payment thereof. In the third place, the discounting of bills can be so arranged that they fall due in certain amounts day by day, and thus enable a bank to meet to a large extent, calls that may be coming upon it.

The Bank of England is fully described in a later Chapter, to which the student is referred.

SAVINGS BANKS.—Great Britain is credited by some authorities as being able to lay claim to the establishment of savings banks. The first self-supporting savings bank was established in 1810 by Henry Duncan, a Dumfriesshire clergyman, and was known as the Ruthwell Savings Bank. Previous to the above date, the banks which had been established for savings were, in the main, charitable institutions, and not banks as we now understand the term.

It was not until about the year 1817 that any legislative measures were taken with regard to savings banks. During the early years of the last century, savings banks were established in this country on a fairly extensive scale, although in some quarters the movement

was opposed. An unfortunate feature of early savings bank history, was the number of frauds of various officials, which were productive of much distress, and caused a serious check to the progress of habits of thrift. For several years there had been agitations in many quarters that savings banks should be placed under the direct control of the State, and that depositors should be afforded Government security in respect of their deposits. Accordingly on the 17th May, 1861, the "Post Office Savings Banks Act" received the royal assent—the name of the late Mr. W. E. Gladstone being very closely associated with this measure, which has been such a remarkable success in every way.

The main rules for the conduct of the business of the Post Office Savings Banks are now so well known that they do not call for any comment.

Since the passing of the above-mentioned Act of 1861, there have been other legislative measures, all of which have helped to make the Post Office Savings Banks the splendid organisations they are, for promoting and encouraging thrift.

In addition to the Post Office Savings Banks, there are other organisations which are under no responsibility to the State, and make no returns to Parliament, but which, nevertheless, do much useful work in the cause of the promotion of thrift.

The Yorkshire Penny Bank and the National Penny Bank are the largest voluntary savings banks unconnected with the Government.

Then there are the Trustee Savings Banks, in which the depositors do not enjoy Government guarantee and security in respect of their deposits, as is the case with the Post Office Savings Banks.

Some years ago there were many defalcations by the officials of the Trustee Savings Banks, and the amounts involved were often very large, as most of the depositors were under the impression that their deposits enjoyed Government security. This, however, was not so; the only responsibility that rested with the Government was, as to the repayment to the trustees of the various moneys such trustees were required by law to deposit with the National Debt Commissioners. There has been little trouble with regard to the Trustee Savings Banks during the past few years, as they are now under a close system of Government inspection and audit; thereby placing them on a firmer footing than they have ever been.

JOINT-STOCK BANKS.—The major portion of the banking business of this country is now in the hands of the great joint-stock banks.

The development of these institutions dates from the year 1833 when an Act was passed permitting the establishment of joint-stock banks in London, provided they did not issue their own notes. As a result, the London and Westminster Bank (now the London County and Westminster Bank) was established in 1834, followed soon after by the Union Bank of London (now the Union of London and Smiths Bank), and next came the London Joint-Stock Bank. The earlier years of their existence were not characterised by any great development, as they had to contend with many difficulties and were regarded for some time in an unfriendly spirit by both the Bank of England and the private bankers, the latter being then of greater importance than they are at the present time. We have seen that the joint-stock banks were not permitted to issue their own notes, the aim of the legislature being to give the Bank of England the monopoly in this respect. Precluded from issuing notes, the joint-stock banks directed their energies in another direction and a rapid development of the cheque as a circulating medium resulted. Cheques have now largely superseded bank notes as a medium of circulation, and the former now play a more important part in the English system of banking, than in the system of any other country in the world.

If we look at the more recent development of banking in this country, we shall find that two points stand out very prominently, which have contributed in a large measure to the present great importance and magnitude of the joint-stock banks, some of which even overshadow the Bank of England in the volume of their operations. In the first place, there have been many combinations with other banks by means of amalgamation and purchase ; and secondly, the spread of the branch banking system has been very great. It is sometimes thought that the marked tendency now prevailing among the joint-stock banks towards amalgamation may lead to a monopoly. This, however, does not appear to be the case. In the first place, concentration ensures greater efficiency. Secondly, the combinations that have taken place between the great banks have been for the public good ; for the creation of a comparatively small number of powerful banks of unquestionable security, renders

decisive action possible in times of financial trouble, which will go a long way towards preventing a recurrence of the great financial panics of the last century.

HOW TO OPEN AN ACCOUNT.—When a stranger desires to open an account, a banker will usually ask for an introduction from some person already known to the bank. If the introduction is not given personally, the banker will require a letter signed by the introducer—a business or address card is not sufficient.

If the proposed customer is unable to obtain an introduction from someone already known to the bank, two satisfactory references will generally be required. The custom varies in different banks with regard to introductions and references; but a banker is always very careful with whom he opens an account, since the possession of a cheque book by an unscrupulous person may result in the circulation of many worthless cheques, and cause considerable losses to unsuspecting persons who may have cashed such cheques. On attending at the bank, the new customer will be required to write his usual signature in the bank's specimen signature book. He also will be asked to furnish, as a rule, the names and addresses of two references (where there is no personal introduction) and give other information, *e.g.*, business or occupation, previous banking accounts (if any), and business and private addresses respectively. A customer should not depart in any way from the specimen signature originally given; since any variation in this respect will justify the banker in refusing to pay cheques not drawn strictly in accordance with the original signature. The banker does not issue a cheque book until he has received satisfactory replies to the references given.

There are some bank managers who make it their custom to have a personal interview with every new client, and this is a very good plan, since the points discussed on such occasions often enable the banker to obtain useful information as to the customer's financial position, respectability, class of business, and so on.

DEPOSIT AND CURRENT ACCOUNTS.—Whilst deposit accounts bear interest at certain agreed rates, there are not many of the important joint-stock banks that allow interest on the credit balances of current accounts. When a large balance is maintained some interest *may* be allowed, but this is usually a matter of arrangement between the banker and customer.

A banker is able to allow interest on a deposit account, because the amount being repayable only at the expiration of a given notice, he is able to employ such money entrusted to him and earn interest thereon. But in the case of current accounts, as these sums are repayable on demand, the banker is bound to retain a certain proportion of cash to meet the cheques drawn by his customers. This curtailment of the bank's earning powers is the reason why it is not possible for most of the joint-stock banks in this country to allow interest on current account balances.

The rate of interest allowed on deposit accounts is a fluctuating one, and is called the "Bankers' Deposit Rate." It is $1\frac{1}{2}$ per cent. below the rate of discount charged by the Bank of England for discounting the bills of its customers. This discount is usually termed the "Bank Rate" and changes several times during the year. When the Bank Rate is raised by the Directors of the Bank of England, the "Bankers' Deposit Rate" is increased proportionately, and the reverse happens when the Bank Rate is lowered. The limit of Bankers' Deposit Rate is usually from 1 to 4 per cent.; that is to say, whatever the Bank Rate may be, the Deposit Rate does not fall below 1 per cent., or amount to more than 4 per cent. On occasions when the Bank Rate changes, advertisements are inserted in the financial press by the joint-stock banks, stating that their Deposit Rate has been increased or decreased as the case may be.

Banks make a charge called "commission" or "charges" for keeping current accounts. As a rule, however, when a good balance is maintained no charge is made. There is no fixed scale or arrangement in this connection, as each bank has its own particular rules in regard thereto.

PAYMENTS TO ACCOUNT.—Having opened an account, a customer is supplied with a "paying-in book." In a few banks, loose paying-in slips are issued, but a book is generally used. The customer fills up the book in accordance with the printed particulars, showing the total of gold, silver, copper, bank notes, etc., and then adds up the various sums, placing the grand total at the bottom of the slip. These particulars are repeated in the counterfoil of the book, and the total here, of course, should agree with that on the slip. On taking the paying-in book to the bank, the cashier will check it over and place the bank stamp

**The Northern Banking
Company, Ltd.**

Jan. 10, 1900.

Memorandum of Receipt of

£348 : 14 : 1

for Credit of *The Blank*

Manufacturing Co., Ltd.

**to whom the same is to be
accounted for.**

Teller.

Jan. 10, 1900.

Credit The Blank Manufacturing Co., Ltd.

In Account with THE NORTHERN BANKING COMPANY, Ltd.

Cheques on London and Country Banks			Cheques on Local Banks and Branches			Bank of England Notes.....		
11	7	4	1	7	1	Country Notes		
11	7	4	1	7	1	Gold { Sovs.....150 0 0 Half-Sovs...46 0 0	50	0 0
5	8	2	8	19	4		196	0 0
37	8	0	20	0	0		18	4 2
						Total Cash.....	264	4 2
54	3	6	30	6	5	Local Cheques	30	6 5
						London and Country Cheques	54	3 6
						Bills		
							348	14 1

Signature of person paying inJ. Smith..... £

(together with his initials) on the counterfoil, and hand the book back to the customer.

The counterfoil duly stamped and initialled, is practically a receipt given by the banker; and the total of the paying-in slip is subsequently posted to the credit of the customer's account in the bank ledger.

When post dated cheques are received, they should not be paid in to the bank until their true date, and when cheques are in order as to date, they should be paid in as soon as possible. The neglect to pay a cheque in promptly, is attended with some risk, as the person who drew it may fail in the meantime, in which case his bankers would return the cheque unpaid.

THE PASS BOOK AND ITS USES.—There are two methods in which banks keep their pass books.

(a) THE HOME COUNTIES BANK, LTD.

In account with

GEORGE SMITH, ESQ., PARK VILLAS, GUILDFORD

<i>Dr.</i>				<i>Cr.</i>			
19..	To Balance	300		19..	By Self	25	
July 1	" Cash	50		July 5			
" 3							

(b) GEORGE SMITH, ESQ., PARK VILLAS, GUILDFORD

In account with

THE HOME COUNTIES BANK, LTD.

<i>Dr.</i>				<i>Cr.</i>			
19..	To Self	25		19..	By Balance	300	
July 5				July 1	" Cash	50	
				" 3			

Most of the important banks at the present time issue their pass books ruled in accordance with the first heading.

The explanation of the difference in the form is, that in the first example, the bank being in account with the customer debits itself with cash paid in, and credits itself with cheques drawn by

the customer. In the second form, the customer is in account with the bank, so that sums paid in are credited, and cheques drawn are debited.

If an error has been made by a banker in a pass book entry, he is not precluded from rectifying such error. Should the customer, however, acting on the faith of such an entry, alter his position, the banker is no doubt liable; but to what extent almost entirely depends upon the particular circumstances of the case.

The following is a specimen double page of a pass book.

THE HOME COUNTIES BANK, LIMITED

In account with

THE PROGRESSIVE ENGINEERING COY., LTD., CROYDON

Dr.					Cr.				
19..	Forward	4,117	2	7	19..	Forward	4,006	12	3
Dec. 3	To Cash	200	0	0	Dec. 3	By Wages	120	17	6
" 16	" "	50	0	0	" 5	" Jameson	4	0	0
" 24	" "	350	0	0	" "	" Premier			
" 30	" Acceptance Walker	300	0	0	" 9	" Steel	50	0	0
					" 9	" S. E. & C.			
					" "	" Rly.	45	10	6
					" "	" Brown	4	10	0
					" 10	" Wages	119	10	10
					" 12	" Watson	132	7	1
					" "	" Selves	10	0	0
					" "	" Wilson	6	0	0
					" 16	" Johnson	3	0	0
					" 17	" Wages	122	12	9
					" 20	" Rogers	12	0	0
					" "	" Petty Cash	5	0	0
					" 23	" Acceptance			
					" "	" Jones	100	0	0
					" 24	" Wages	119	13	0
					" "	" Jackson	38	10	0
					" "	" Watkins	12	0	0
					" 31	" Salaries	50	0	0
					" "	" Charges	1	1	0
					" "	" Balance	53	17	8
19..		£ 5,017	2	7			£ 5,017	2	7
Jan. 1	To Balance	53	17	8					

In the above specimen page of a pass book, the entry of £1 1s. under date 31st December is the charge made by the bank for keeping the account.

As regards the amounts paid in and shown on the debit side, it may be mentioned that it is usual for some customers to make up their paying-in slip to a level number of pounds, which total most banks enter in the pass book merely as cash, not subdividing the various items.

QUESTIONS

1. What is a banker ?
2. Describe the functions of a banker.
3. Write a short account of the history of savings banks up to the passing of the Post Office Savings Banks' Act of 1861.
4. Give an account of the rise and progress of the English joint-stock banks.
5. Describe the usual procedure when opening a current account.
Why is it essential that a banker should use great care in issuing a cheque book to a new customer ?
6. A banker pays interest on the balance of a deposit account, but does not usually do so in the case of a current account.
Explain the reason for this.
7. Give a specimen of the methods in which different banks head their pass books, and explain the difference existing between the two rulings.
8. What is, briefly, the position of the banker and customer with regard to the effect of entries in a pass book ?
9. What is the difference between a " deposit " and a " current " account ?
10. Why is the relation of a banker to his customer that of a debtor to a creditor ?

CHAPTER XV

CHEQUES AND BILLS OF EXCHANGE

CHEQUES.—A cheque is a written order to a banker to pay money on demand. It must bear a penny stamp, which may be denoted by either an impressed or an adhesive stamp, and even two halfpenny stamps may be used.

We will now consider the various parties to a cheque—of which those given on the next two pages are specimens—

In the first cheque, Frederick Browne is the drawer, Meredith Dickens & Co. are the “payees” and the National Provincial Bank is the “drawee.” As this cheque is to “order,” the payees must write their names on the back (*i.e.*, endorse) before they can receive payment; and this holds good with all order cheques.

The second form of cheque is to “bearer,” and in the case of bearer cheques it is not necessary for the payee to endorse. Therefore Richard Wilson can obtain the cash from the bank without endorsing the cheque.

If neither of the words “order” nor “bearer” follow the payee’s name, then the cheque is taken to be to “order,” and consequently requires endorsement. It is important to note that a banker is not liable should he pay a cheque bearing a forged or unauthorised endorsement.

DATE OF CHEQUES.—If a cheque is undated, any holder may insert what he believes to be the true date, but no alteration in a date can be allowed unless bearing the name of the drawer.

A cheque may be dated on a Sunday, it may be ante-dated, or it may be post-dated, that is, it may bear a date subsequent to the day on which it was actually drawn. A banker who inadvertently pays a post-dated cheque incurs no penalty, but he cannot debit the amount to the customer’s account until the actual date on the cheque arrives.

ALTERATIONS.—Either the payee *or* drawer may alter a cheque from bearer to order by ruling out the former and writing in the latter word; but *only the drawer* may alter an order cheque to

No N 87788

London, 30th August 89
To The National Provincial Bank of England

ST. MARTIN'S-LE-GRAND,
185, ALDERGATE STREET, E.C.

Stamp
1/-

Pay Messrs. Meredith, Ducken & Co. ORDER
Twenty-four pounds six shillings & tenpence

£24-6-10
Frederick Browne

THIS DRAFT MUST BE ENDORSED BY THE PERSON TO WHOM IT IS MADE PAYABLE

4 63268

14. 3rd Oct 11.



ST. MARTIN'S-LE-GRAND,
DEPT. DE LA SEINE.

Richard Wilson

Twenty five pounds four shillings

25-4-0

Arthur Ellis

bearer. Any alteration in a cheque should bear the initials or *signature* of the drawer.

SIGNING CHEQUES.—Cheques should be signed in accordance with the specimen signature given when the account was opened, and any variation therefrom, either in the style of writing or in the composition of the signature will justify a banker in returning a cheque unpaid, *e.g.*, if an account has been opened in the name of Jones & Co., and this was the manner in which the firm's name was signed, should a cheque be presented signed as "J. P. Jones & Co." the banker would return it unpaid.

UNPAID CHEQUES.—The following are the main instances in which bankers return cheques unpaid—

Examples.

(1) When a cheque is presented and the drawer has not a sufficient balance to meet it.

Answer.

Generally R/D (*i.e.*, Refer to drawer), meaning that the customer has either no funds at all at the bank, or an insufficient sum to cover the cheque; and the holder must therefore look to the drawer for arrangements as to subsequent payment.

Sometimes the answer given is N/S (*i.e.*, not sufficient), thereby showing that the customer has *some* money at his credit, but not enough to meet the cheque.

(2) When the amount expressed in words differs from that given in figures.

"Words and figures differ." The words govern the instrument and, legally, the banker can pay on the words; but in practice the cheque is returned marked as above.

(3) When a customer pays in country cheques, a banker will not permit him to draw against them until they are cleared,

"Effects not cleared." This shows that the customer has paid in certain cheques (*i.e.*, effects), which have not yet

unless such customer keeps a fairly good account.

been paid by the banks on whom they are drawn. The words "Present again" are often added to the above-named answer.

(4) In cases where a cheque has been torn as though to cancel it, the paying banker will return it unpaid, unless the presenting banker, after pasting the parts together, adds the words "Accidentally mutilated by us" followed by the bank stamp.

"Cheque mutilated."

(5) If a cheque is presented for payment more than six months after its date, it is the usual custom to return such a cheque unpaid.

"Out of date."

(6) When a customer has instructed his banker to refuse payment of a cheque.

"Orders not to pay" or "Payment countermanded by drawer." Each of the above answers means the same, but both forms are given, as all banks do not, of course, use the same answer.

The following answers call for no comment, viz., "No Account," "Account closed," and "Alteration in amount requires drawer's signature."

TERMINATION OF BANKER'S AUTHORITY TO PAY CHEQUES.—A banker's authority to pay his customers' cheques ceases on receipt of notice

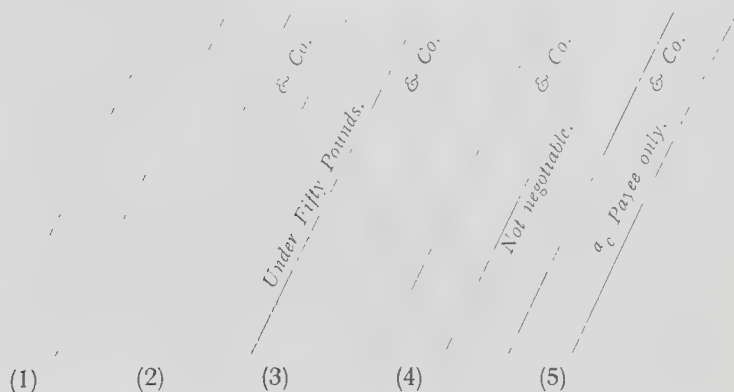
- (1) Of customer's death, or
- (2) Of his bankruptcy, or
- (3) Of his insanity.

On receipt of notice of any of the above occurrences, the cheques are returned unpaid marked in accordance therewith.

CROSSED CHEQUES.—Crossing a cheque consists of drawing two parallel transverse lines, or writing the name of a banker across the face of a cheque. The words “& Co.” are sometimes written between the lines, but this addition is not essential, the lines only being quite sufficient. The banker upon whom a crossed cheque is drawn may not pay cash over the counter in respect thereof, but must pay the amount to another banker.

Crossings are of two kinds, viz., General and Special.

(a) *General Crossings.*



In the case of cheques bearing any of the general crossings as above, the amount may be collected by any banker. As crossed cheques can be traced with comparative ease, they should be crossed when sent by post.

With reference to the addition of the words “a/c payee,” it should be noted that Mr. Justice Channell, in 1906, said that although the marking was not provided for by the Bills of Exchange Act, 1882, the custom had grown up in order further to protect the drawer against damage if the cheque were lost or stolen. It was a direction to the receiving banker that the drawer desired the cheque placed to the credit of the account of the payee and, in his (Mr. Justice Channell's) opinion, it would be negligence on the part of the banker who disregarded this direction.

It may be noted that the words “not negotiable” should be written in close proximity to the crossing as shown, and not along the top or bottom of the cheque.

If a cheque is crossed "not negotiable," any person who takes it (even though for value, and honestly and in good faith) has not, and is not capable of giving a better title to it than the person from whom he received it had.

For instance, suppose a cheque crossed "not negotiable" to be stolen. The thief might, perhaps, persuade an unsuspecting tradesman to give cash for it. Now the tradesman has given value for the cheque, and has taken it in good faith, not knowing it to have been stolen; yet he has no better title to the cheque than the person from whom he took it had. The thief, of course, had no title, therefore the tradesman has none, and would have to make good the amount to the rightful owner. There is thus a great advantage secured in crossing a cheque "not negotiable."

The drawer, payee, or any holder may cross a cheque generally.

As a safeguard against the amount for which a cheque is drawn being increased by the insertion of other words and figures, the crossing is sometimes accompanied by the words "Under fifty pounds," "Under one hundred pounds," and so on, in accordance with the sum for which the cheque is drawn.

(b). *Special Crossings.*

These are as under—

(6)	<i>Paris Bank, Ltd.</i>
(7)	<i>Lloyds Bank, Ltd. Chelmsford.</i>
(8)	<i>Capital & Counties Bank, Ltd. a/c Payee only.</i>
(9)	<i>London Joint Stock Bank, Ltd. Not negotiable.</i>
(10)	<i>Williams Deacons Bank, Ltd. Credit J. Smith's a/c only.</i>
(11)	<i>London & South Western Bank, Ltd.</i>

In each of the above crossings the name of the collecting banker is inserted, and the cheque cannot be collected by any other.

A cheque crossed specially to more than one bank would not be paid by the bank on which it was drawn, unless one of the crossings was that of the clearing agent of the banker named in the other

crossing. It should be noted that in cases where the cheque is crossed to two different branches of the same bank, this is not taken as being a crossing to two banks, and therefore such a cheque would be paid in the usual way.

STOPPING PAYMENT.—A banker must honour the cheques of his customer so long as the customer has a sufficient balance to meet them, or so long as any agreed overdraft has not been overdrawn, but a customer may always countermand payment of a cheque which he has given. In order to do so he must give notice in writing to the banker, describing fully the cheque, the payee, etc. If a cheque is stopped, the letters R/D or N/S are generally written in the top left-hand corner. It is not in accordance with the accepted and acknowledged duty of a banker that any explanation should be given to the payee of a cheque. It is sufficient to state that payment has been stopped or that there are no funds to meet it. The payee is not entitled to ask any questions as to the state of the drawer's account.

ENDORSEMENTS.—This matter is dealt with under Bills of Exchange.

BANKERS' CLEARING HOUSE.—The enormous number of cheques used for the settlement of accounts in business necessitates some simple means of collection. If a banker had to present the cheques for collection at the respective offices of other banks, the collection would be a most arduous and costly duty. In order to overcome these difficulties, a Clearing House has been established at which the clerks from each bank which is a member meet daily to exchange the cheques drawn by them and to arrive at a settlement. In the Clearing House one bank which we will call A presents to the clerks of banks B, C, and D the cheques drawn on those respective banks, and which have been paid into it for collection. Similarly, bank B presents to banks A, C and D the cheques drawn on those banks, which it has received for collection.

At the end of the day each bank enters on a sheet the total value of the cheques received from and delivered to each of the others; and should the total of the cheques received be greater than the total of the cheques delivered, the bank pays the difference into the Clearing House account at the Bank of England. Should the total of the cheques received be smaller than the total of those delivered, then by means of an order signed by the Clearing House

authorities, the amount of the difference is transferred at the Bank of England from the Clearing House account to that of the bank named.

All the banks which are members of the Clearing House have accounts with the Bank of England. It will follow that the Clearing House account at the Bank of England is only one of convenience of transfer, and on each day the amounts paid in to that account equal the amounts drawn out.

There being seventeen banks in the London Clearing House, by means of seventeen cheques all the accounts are settled, whereas if each bank paid by cheque the difference of its account with another, some hundreds of cheques would be required.

For example, take the case of four banks mentioned above, which are sufficient to show the working of the system.

ACCOUNT OF A BANK

Cheques upon B.			Cheques upon C.			Cheques upon D.		
£100			£200			£20		
50			20			100		
200			60			10		
40			90			5		
£390			£370			£135		

ACCOUNT OF B BANK

Cheques upon A.			Cheques upon C.			Cheques upon D.		
£50			£40			£80		
20			70			50		
90			10			70		
10			5			5		
£170			£125			£205		

ACCOUNT OF C BANK

Cheques upon A.			Cheques upon B.			Cheques upon D.		
£50			£40			£100		
20			90			5		
100			70			20		
5			10			10		
£175			£210			£135		

ACCOUNT OF D BANK

Cheques upon A.			Cheques upon B.			Cheques upon C.		
£50			£20			£40		
40			30			70		
10			90			200		
100								
£200			£140			£310		

The account of A is adjusted as follows—

<i>Dr.</i>				<i>Cr.</i>
B Bank	.	.	£170	390
C "	.	.	175	370
D "	.	.	200	135
			£545	£895

A has to receive £895 and pay £545, therefore the account is adjusted by means of a transfer of £350 to A's account at the Bank of England.

When the accounts have been verified and the amounts due to and from the various individual banks have been ascertained, as shown on a previous page, a sheet called a "summary sheet," is filled up. The columns of this sheet are added and a general balance is struck showing the total amount which has to be paid to or by the bank. Each bank has an account at the Bank of England, and there is also an account kept at the Bank known as the Clearing Bankers' Account. If a clearing bank is indebted on the general balance a white transfer ticket is made out authorising the payment of the amount due from the bank's account to that of the Clearing Bankers' Account, whereas if the clearing bank is entitled to receive anything a green transfer ticket is used, which authorises the payment of the sum from the Clearing Bankers' Account to that of the clearing bank. These tickets when made out are signed by the Inspector of the Clearing House, who thus certifies their correctness, and are handed in to the Bank of England.

The forms of the tickets are given on page 184. The first is the white ticket, and the second the green one.

BILLS OF EXCHANGE (INLAND).—A bill of exchange (B/E) is defined by the Bills of Exchange Act, 1882, as,

"An unconditional order in writing addressed by one person to another signed by the person giving it requiring the person

SETTLEMENT AT THE CLEARING HOUSE.

London, 19..

To the Cashiers of the BANK OF ENGLAND,

Be pleased to TRANSFER from our Account the sum of _____ and place it to the credit of the Account of the Clearing Bankers, and allow it to be drawn for, by any of them (with the knowledge of either of the Inspectors, signified by his counter-signing the Drafts).

£ _____

SETTLEMENT AT THE CLEARING HOUSE.

London, Sept. 1st, 19 ..

To the Cashiers of the BANK OF ENGLAND,

Be pleased to CREDIT our Account the Sum of _____ out of the money at the credit of the account of the Clearing Bankers.

£ _____

Seen by me,

Inspector at the Clearing House.

SETTLEMENT AT THE CLEARING HOUSE.

BANK OF ENGLAND, 19..

A TRANSFER for the sum of _____ has this evening been made at the Bank, from the account of Messrs. Smith & Co., to the Account of the Clearing Bankers.

For the Bank of England,

£ _____

This Certificate has been seen by me,

Inspector.

SETTLEMENT AT THE CLEARING HOUSE.

BANK OF ENGLAND,

Sept. 1st, 19 ..

The account of Messrs. Smith & Co. has this evening been CREDITED with the sum of _____ out of the money at the credit of the account of the Clearing Bankers.

£ _____

For the Bank of England,

to whom it is addressed to pay on demand or at a fixed or determinable future time a sum certain in money to or to the order of a specified person or to bearer."

Inland bills consist of

- (a) Bills both drawn and payable within the British Isles.
- (b) Bills drawn within the British Isles upon some person resident therein.

No particular form of wording is required, but the following is the usual method in which an inland bill is drawn—

£P £25=12=6 August 15th 19.
 (nd Stamp.) Three months after date pay to the order
of Henry Johnson
Twenty five Pounds twelve shillings and six pence Value received
To W. James Walker,
Redford Street, John Wilson.
Cambridge.

In the above example, John Wilson is the "drawer," James Walker is the "drawee," and Henry Johnson is the "payee." The words "value received" are not necessary, but are inserted in practically all cases.

When the drawee assents to the order of John Wilson, the former will write the word "Accepted" across the face of the bill, and add his signature, and usually the name of the bank at which it is payable. Having done so, he is termed the "acceptor," and the bill will appear as shown on the next page.

A bill must be signed by the person giving it, but becomes a bill of exchange before it is accepted.

The drawee, however, is not liable in any way until he has accepted the bill.

A bill may be payable to bearer, in which case it may be negotiated without endorsement, or transferred by mere delivery. If it is

payable to order, it cannot be transferred or negotiated unless the person to whose order it is drawn, has endorsed it.

THE DATE.—A bill is not invalid by reason only of its being ante-dated, post-dated, dated on a Sunday, or not dated at all. In this last instance, any lawful holder may insert what he believes to be the true date.

ALTERATIONS.—Any material alteration in a bill must be initialled by all parties thereto. Material alterations are as under—

- (a) In the date.
- (b) In the time of payment.
- (c) In the amount payable.
- (d) In the place of payment.

No. L25-12-6 August 15th 19
 Three months after date pay to the order
 of Henry Johnson
Twenty-five Pounds twelve shillings and sixpence
To Mr James Walker
Bedford Street
Cambridge
John Wilson
 Paid to the order of James Walker Bank of England
 (Ed. Stamp)

DUE DATES.—In calculating the date on which a bill becomes due and payable, three days (called "days of grace") are added to the expiration of the term for which the bill is drawn. If the last day of grace falls on a Sunday, Christmas Day, Good Friday, or a day appointed by royal proclamation as a public fast or thanksgiving day, the bill is payable on the last preceding business day; and if it falls on a Bank Holiday, the bill is not due until the next succeeding business day. When the last day of grace is a Sunday, and the preceding day a Bank Holiday, the bill is due on the succeeding business day. Bills on demand or at sight of course take no days of grace. In calculating due dates, months mean calendar

months, *i.e.*, from a given day of any month, to the same day of the next.

KINDS OF ACCEPTANCE.—An acceptance is either—

- (a) General or unconditional.
- (b) Qualified or conditional.

In the foregoing example of an acceptance, the drawee has assented unconditionally to the order of the drawer, and the bill in question is *generally* or *unconditionally* accepted.

The following are specimens of general acceptances—

John Brown.

Accepted, John Brown.

Accepted, John Brown, 2 King Street, Leeds.

Accepted, payable at X. & Y. Bank, Ltd., Leeds, John Brown.

Sighted, June 16, John Brown, Leeds.

Accepted, payable at A. & B. Bank, Ltd., London, per pro. John Brown, W. Robinson.

A qualified acceptance may be—

- (a) Partial, *i.e.*, an acceptance to pay a part only of the sum for which the bill is drawn.
- (b) Conditional, *i.e.*, dependent upon the fulfilment of some condition stated on the acceptance.
- (c) Local, *i.e.*, an acceptance to pay at some particular place and there only.
- (d) Qualification as to time, *i.e.*, if a bill is drawn three months after date, and is accepted payable at four months after date.

In cases where a bill is addressed to two or more persons (not being partners) should one or more of them abstain from signing, then this is a further instance of a qualified acceptance.

The following are specimens of qualified acceptances—

Conditional. "Accepted, payable on delivery of bills of lading. J. Brown."

Partial. Bill drawn for £100. "Accepted for £50 only. J. Brown."

Local. "Accepted, payable at the X. & Y. Bank, Ltd., Leeds and there only. J. Brown." In order to charge the acceptor

and other parties, the bill must be presented for payment at the place named.

As to time. Bill drawn at three months' date. "Accepted, payable at six months' date. J. Brown."

Not accepted by all the drawees. Bill drawn on W. Brown, J. Jones, and W. Robinson. "Accepted, payable at X. & Y. Bank, Ltd. W. Robinson." In this case W. Robinson is liable to pay the bill.

A holder of a bill can refuse to take a qualified acceptance, and if he cannot obtain an unqualified one, may treat the bill as "dishonoured by non-acceptance." If a holder decides to take a qualified acceptance, the drawer and endorsers are released from liability, unless they have assented thereto.

LIABILITY OF PARTIES TO A BILL.—The liabilities of the several parties to a bill which has been dishonoured (by non-acceptance or non-payment) are as follows—

The acceptor is the one who is primarily liable to the holder. Should the bill remain in the drawer's hands (*i.e.*, is not transferred or negotiated) the acceptor remains liable to the drawer only. When the drawer transfers or negotiates the bill by endorsement to another, the drawer in his turn becomes liable in addition to the acceptor, and as every subsequent endorser also becomes liable, the more reliable endorsements there are on a bill, the better is the security. The holder of a bill may be an endorser, or the payee, or the bearer in cases where a bill payable to bearer has been transferred by mere delivery.

The holder of a bill is the person who has the instrument in his possession. Anyone who in good faith (*i.e.*, honestly) and for value, takes a bill complete and regular on the face of it, has a good title to the instrument, provided there is no forged signature thereon.

On the dishonour of a bill, the drawer and each of the endorsers are liable, and the holder can proceed against any of them. Should an endorser pay a bill and receive such bill from the holder, he may in turn, sue the drawer and any previous endorser.

STAMP DUTIES.—The stamp duties on inland bills are as under—

Payable on demand, or at sight, or on presentation, or within three days after sight or date (for any amount) 1d.

In all other cases where the amount of

the bill does not exceed	£5	1d.
Exceeds £5 and does not exceed	£10	2d.
„ £10	£25	3d.
„ £25	£50	6d.
„ £50	£75	9d.
„ £75	£100	1s.

Exceeding £100

For every complete £100, and any fractional part of £100 1s.

Inland bills must be written upon paper previously stamped. The stamp may not be impressed after the bill has been executed, and a stamp of insufficient value may not be augmented—a new bill should be drawn. The duty of 1d. on bills at sight, on demand, on presentation or payable within three days after date or sight, may be denoted by either an adhesive or an impressed stamp.

PRESENTMENT FOR PAYMENT.—If a bill is not presented on the due date, the drawer and endorsers are discharged from liability; but the acceptor is still liable, although he may claim in respect of any loss he may have suffered by reason of the delay. An acceptor is not obliged to send for a bill. It should be presented to him during his usual business hours, and it need not be presented to him personally; it is sufficient if it be presented at his house or place of business to anyone who seems to be in a position to deal with the matter.

LOST BILLS.—In cases where a bill has been lost, the holder may apply to the drawer to give him another bill of the same tenor. The drawer must, when requested, issue a duplicate bill, but he can demand that a satisfactory indemnity shall be given by the holder against all parties whatever, in case the bill which is alleged to be lost shall subsequently be found.

ACCOMMODATION BILLS.—These are bills accepted, drawn, or endorsed, and put into circulation to enable one or more of the parties concerned to raise money by discounting such bills. The drawer or endorsers arrange to provide the acceptor with funds to meet the bill on the due date; but until value has been given, none of the parties is liable. As soon as value has been given (*i.e.*, if the bill has been discounted) a “holder in due course” has

a right of action against any of the parties, even if he is aware that the instrument is an accommodation bill.

HOLDER IN DUE COURSE.—This is a party who has taken a bill, complete and regular on the face of it, under the following conditions, viz.—

- (a) That he became the holder of it before it was overdue and without notice that it had been previously dishonoured, if such was the case.
- (b) That he took the bill in good faith and for value, and that at the time the bill was negotiated to him, he had no notice of any defect in the title of the person who negotiated.

ENDORSEMENTS.—If a bill is drawn payable to a specified person or order, such person must endorse the bill before it can be transferred; and if a bill be drawn without the words “or order” “or bearer,” it is treated as being payable to order, and consequently requires the payee’s endorsement.

If a bill is payable to the order of two or more persons who are not partners, each of them must endorse.

The endorsement of an infant conveys a good title, but the infant himself is not liable on the bill.

An endorser who is bankrupt, can transfer a good title to a person who takes a bill in good faith and for value.

A banker is liable for paying a *bill* bearing a forged endorsement; he is not bound to pay the bills of his customer accepted payable at the bank—but of course he does so in practice. He must, however, pay the cheques of his customer if correctly drawn, and therefore he is expressly protected by law against paying a *cheque* bearing a forged endorsement.

An endorser “*sans recours*,” *i.e.*, without recourse, is not liable if the bill is unpaid, although he is liable in respect of any previous forgeries.

When the payee signs his name on the back of the bill, it is said to be “endorsed in blank.” In this case the bill has become payable to bearer and may be transferred by mere delivery, without any further endorsement. If the payee (*e.g.*, Henry Jones) endorses the bill thus,

Pay John Brown or Order
Henry Jones,

the bill is said to be "endorsed specially," and in this case John Brown must endorse before any further transfer can take place. If he signs his name only, the bill then becomes payable to bearer. But Brown, if he wishes, can also endorse the bill specially to someone else, in which case *that* person will be required to endorse.

An endorsement may be written thus—

Pay John Smith only
Henry White.

and in this instance the bill will be "restrictively endorsed"; consequently no further transfer or negotiation can take place.

There is no authorised form of endorsement, and in consequence, the variations in endorsements are very numerous and often puzzling to decide upon. The following is a list of specimens. In one column are included endorsements which, as a rule, would be passed, in the other column are shown endorsements which are not generally accepted.

PAYEE.	CORRECT OR USUALLY ACCEPTED.	WRONG OR NOT USUALLY ACCEPTED.
John Brown	John Brown J. Brown per pro. John Brown, J. Jones	J. Brown, p.p. J. Jones John Brown, per J. Jones John Brown, pro. J. Jones
Dr. John Brown	John Brown, M.D. John Brown	Dr. J. Brown
Mr. John Brown	John Brown	Mr. John Brown
Mrs. John Brown	Mary Brown, wife of John Brown Mary Brown, widow of John Brown Mary Brown (Mrs. John Brown)	Mary Brown John Brown Mrs. John Brown
John Brown, Jun.	John Brown, Junior	John Brown
Misses Brown	Jane Brown. Mary Brown	J. and M. Brown
Messrs. Brown and Jones	J. Brown. J. Jones Brown & Jones	Jones and Brown
The British Coy., Ltd.	per pro. The British Coy., Ltd., J. Brown pro., or for, The British Coy., Ltd., J. Brown, Manager For the British Coy., Ltd., J. Brown, Director	J. Brown, Secy., British Coy., Ltd. per pro. The British Coy., J. Brown, Secy. per pro. The British Coy., Ltd., per pro. John Brown, Secy., J. Jones

PAYEE.	CORRECT OR USUALLY ACCEPTED.	WRONG OR NOT USUALLY ACCEPTED.
John Brown, Treasurer, Redby Cricket Club	John Brown, Treasurer, Redby Cricket Club	John Brown
Managers of Redby School	J. Brown } Managers of J. Jones } Redby School For the Managers of Redby School, J. Brown, Chairman	J. Jones, Manager J. Brown, J. Jones
Executors of Wm. Brown	J. Jones for self and co-Exor. of Wm. Brown For Exors. of Wm Brown, J. Jones, Exor.	per pro. Exors. of Wm. Brown, R. Smith, Solicitor to the Estate per pro. Exors. of Wm. Brown, R. Smith For J. Jones, Executor of Wm. Brown. R. Robinson J. Jones for self and Co-executors
Trustees of Wm. Brown	J. Brown } Trustees of Wm. J. Jones } Brown Trustees of Wm. Brown J. Brown J. Jones	per pro. Trustees of Wm. Brown. J. Brown For Self and Co-Trustee of Wm. Brown. J. Brown o/a Wm. Brown's Trust. J. Jones. J. Brown
Cash or Order	Requires drawer's endorsement	
Wages or Order	Do. do. do.	
Wages or Bearer	No endorsement required	
Ann Brown (spelled wrongly)	Ann Brown. Anne Brown	Anne Browne
Miss Brown (now married)	M. Jones, <i>nee</i> Brown	

It should be noted that the above remarks on bill endorsements apply equally to cheques—with the exception of the liability of the paying banker in respect of forged endorsements, as has already been pointed out.

ALLONGE.—In cases where there is no room on a bill for further endorsements, a slip called an "allonge" is pasted on to the end to take further signatures. The first endorsement on the allonge should be written partly on the bill as well, in order to show that the two papers relate to each other. The allonge is generally met with in the case of bills and cheques that have been sent abroad in payment of accounts. On the continent, bills and cheques are negotiated from one person to another with much more frequency than is the case in England; and as in most continental countries the transference of bills or cheques must be by special endorsement, this is the reason why they are frequently presented for payment to the

English banks on whom they are drawn, with an allonge attached.

DISCOUNTING BILLS.—In discounting bills, a banker must of necessity, use great care. He will not feel at all disposed to discount a bill for a customer whose cheques have sometimes been returned for lack of funds; and further, the banker will not discount unless he knows his customer to be a thoroughly trustworthy man.

As most bills offered for discount are made payable at a bank, the discounting banker will make a confidential enquiry of the acceptor's bankers, with a view to obtaining information as to the financial standing and respectability of the acceptor. This opinion will, of course, be preserved for future reference.

Having decided to discount a bill, the banker will see that it is drawn upon adequately stamped paper, also that the bill is in correct form and properly accepted. The customer's current account is then credited with the full amount of the bill: and the interest on the unexpired term (*i.e.*, from the date of discounting to the due date of the bill) will be debited to the customer and credited to the banker's "Discount Account." This interest (or discount) represents the banker's charge for advancing the money to the customer.

The rate fixed by the banks for discounting bills varies according to the particular state of the money market, and the financial position of the acceptor. The rate is often referred to as the "Market Rate of Discount."

Bankers do not usually discount bills having more than six months to run, and English bankers seldom discount bills payable abroad.

UNPAID AND DISHONoured BILLS.—When a drawee refuses to accept a bill, or after accepting it refuses to pay on the due date, the bill is said to be dishonoured. It is the usual custom (but is not absolutely necessary) to "note" an inland bill dishonoured by non-payment or non-acceptance. Noting is a second formal presentment of the bill by a Notary Public to the acceptor, and the former attaches to the bill a ticket upon which is written the answer given by the acceptor who has dishonoured the bill.

NOTING TICKET

A. ELLIS & CO., NOTARIES,
17, CHEAPSIDE.

NOTING 6/8

Refer to Acceptor.

The holder of a dishonoured bill must give notice at once to all parties whom he desires to hold responsible. When an inland bill is dishonoured by non-acceptance, the holder, upon giving due notice to the drawer and endorsers, can sue any one of them.

An endorser who has paid a dishonoured bill can sue any of the previous endorsers, provided they have received due notice of dishonour. The neglect to send a notice of dishonour within a reasonable time, will discharge the drawer and endorsers from liability.

Each party to whom notice of dishonour has been given, has the same time in which to give notice to any other parties to the bill, whom *he* desires to make responsible.

Notice of a dishonoured bill may be given either in writing or verbally—the former, of course, being the usual way. Should a bill be wrongly described in a notice, such notice will not be invalidated, provided the person receiving the notice has not been misled by such misdirection.

When a banker is acting as an agent for his customer in collecting a bill, he will return it to the customer on dishonour. The customer should then send the necessary notice to the drawer and endorsers. Where a banker has discounted a bill (*i.e.*, purchased it) he will retain the bill and advise his customer and all other responsible parties. In cases of discounted bills dishonoured, therefore, the customer need not send out the notices, as this will have been already done by the banker.

DISCHARGE OF BILL.—A bill is discharged (*i.e.*, the rights of action of all parties thereto are extinguished) in the following ways—

- (a) By payment at (or after) the due date, by or on behalf of the acceptor to the legal holder. This is known as

"payment in due course," and is the usual method in which a bill is discharged.

- (b) A holder may, after the due date, renounce his rights of action against the acceptor, which will be done either by making a renunciation in writing, delivering the bill to the acceptor, or by cancellation.
- (c) Should a bill during negotiation come into the possession of the acceptor as a holder in due course, this will operate as a discharge.
- (d) In the case of an accommodation bill, payment by the party accommodated is a discharge.
- (e) In the case of the holder of a bill agreeing with the acceptor to take some particular security in lieu of the acceptance, and the particulars are embodied in the form of a deed, the bill is said to be discharged by "merger" into a superior contract, *i.e.*, the bill is cancelled by the creation of the new deed.

BILLS OF EXCHANGE (FOREIGN).—The foregoing paragraphs deal with inland bills, *i.e.*, those drawn and payable within the United Kingdom. But when bills are drawn in one country and payable in another, they are termed foreign bills, and we shall find that they differ in some respects from inland bills.

Foreign bills are drawn in "sets" of two or three, each being identical with the others, except that the words "first," "second," and "third," are interchanged as required.

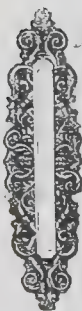
On the next page is the form of a foreign bill (set).

The second and third copies of the bill would, of course, embody the same particulars.

The first is the only one which would be stamped, as this is the first to reach the drawees. The object of drawing bills in sets, is to avoid loss in case of shipwreck or miscarriage. In the above instance, the second of exchange would be sent forward by the next mail to the drawees, and the third would be retained in London.

The English Carpet Company, Limited, owe \$2,000 to The Velvet Raising Company of New York. The Carpet Company draw a bill on the American Supply Company (who are their debtors to this extent) payable to the order of the New York firm to whom the drawers are indebted, thus adjusting the amount as between the three parties.

Stamp
5/-



N^o ~~101~~ \$ ~~2000~~⁰⁰

London, August 15th 19₁₉

Ninety days after sight of this FIRST of Exchange
(second and third of the same tenor and date unpaid) payable to the
order of The Velvet Raising Company

~~Value received~~
Value received

To The American Supply Co.
5, Twenty Sixth Street,
New York

For and on behalf of
THE ENGLISH CARPET COMPANY, LTD.

John Jones. Director
S. Johnson. Secretary



N^o ~~102~~ \$ ~~2000~~⁰⁰

London, August 15th 19₁₉

Ninety Days after sight of this SECOND of Exchange
(first and third of the same tenor and date unpaid) payable to the
order of The Velvet Raising Co

~~Value received~~
Value received

To The American Supply Co.
5, Twenty Sixth Street,
New York

For and on behalf of
THE ENGLISH CARPET COMPANY, LTD.

John Jones. Director
S. Johnson. Secretary



N^o ~~103~~ \$ ~~2000~~⁰⁰

London, August 15th 19₁₉

Ninety Days after sight of this THIRD of Exchange
(first and second of the same tenor and date unpaid) payable to the
order of The Velvet Raising Company

~~Value received~~
Value received

To The American Supply Co.
5, Twenty Sixth Street,
New York

For and on behalf of
THE ENGLISH CARPET COMPANY, LTD.

John Jones. Director
S. Johnson. Secretary

To make this clearer. If A. B. & Co., of London, owe C. D. & Co., of New York, \$2,000, and E. F. & Co., of New York, owe a like sum to A. B. & Co., if A. B. & Co. draw a bill on E. F. & Co., payable to C. D. & Co. or order, this will adjust the three debts. In practice, however, it would be rare that the three accounts would be settled by one bill. Probably there would be an account current between the three parties which would only be settled at certain intervals; but the example has been given to show how foreign bills may adjust accounts between various parties.

STAMPING.—It is the usual custom to give the amount of a foreign bill in the currency of the country where it is payable.

The amount of stamp duty on the above-named bill is determined by converting the value of the foreign currency at the rate of exchange on the date of the bill, into the English equivalent.

The stamp duty on foreign is the same as on inland bills; but in cases of bills drawn out of the United Kingdom, and expressed to be payable out of the United Kingdom, but endorsed, negotiated, or actually paid in the United Kingdom, the duty is as under—

Where the amount exceeds £50 and does not exceed £100, 6d.

Exceeds £100, for every £100 and also for any fractional part thereof, 6d.

In the example of foreign bill already given, it must be stamped with an impressed stamp at the same rate as for inland bills.

When, however, bills are received in this country drawn and expressed to be payable out of the United Kingdom, but endorsed, negotiated or paid therein, adhesive stamps, called foreign bill stamps, of the above-mentioned value must be at once affixed and cancelled. When a foreign bill is received in England, it is not necessary to notice that the foreign stamp duty is correctly denoted. What must be done, however, is to see that the bill is properly stamped according to English law.

ACCEPTANCE.—Foreign bills are usually drawn at so many days after sight, so that in accepting a foreign bill, the date of its maturity is calculated not from the date of the bill itself, but from the day it is seen or "sighted" by the drawee. Therefore the specimen of bill already given will, on being duly accepted, appear as on the next page.

Stamp
5/-



No. ~~2000~~ \$ ~~2000~~

London ^{EC} August 15th 19

Ninety Days after sight of this FIRST of Exchange
(second and third of the same tenor and date unpaid) pay to the
order of The Velvet & Drapery Company

Value received

To The American Supply Coy.
5. Twenty sixth Street
New York.

For and on behalf of
THE ENGLISH CARPET COMPANY, LTD.

John Jones.

Director

S. Johnson Secretary

It may be mentioned that there are no days of grace in the case of bills on New York State, France, Germany, Italy, Sweden, Norway, Denmark, Holland and Belgium.

In Russia there are no days of grace, although bills may be presented for payment on one of the two nearer business days after the due date.

Bills falling due on a Sunday are payable in most continental countries on the Monday.

DISPOSAL OF BILLS.—In the foregoing example of a foreign bill, it will be readily seen, that to forward the bill to New York for acceptance, and then to have it returned to London duly completed, afterwards sending it to New York for payment, would entail a great loss of time. This delay would be further increased when the proceeds of the bill were remitted to London. To avoid such delay, the drawers of the above bill can deal with it as under—

Discount the bill with their bankers ; and if the drawers keep an account with the London branch of an American bank, the bill would probably be discounted with very little delay, as the bank would no doubt be quite conversant with the financial position of the drawees—which information, by the way, is of great importance to the banker when deciding as to discounting a bill. Should the drawers keep their account at an English bank, the bill would usually be sold to a bill broker in London, as English banks do not generally discount bills payable abroad, as has been previously stated.

The bill brokers meet on every Tuesday and Thursday in the Royal Exchange, London, for the purpose of buying (and selling) foreign bills. It should be stated that the bill brokers have special knowledge and information with regard to the financial standing of banks, financial houses and business firms in many different parts of the world.

By discounting the bill, the drawers are able (for a comparatively small charge) to obtain the use of the money at a very much earlier date than they otherwise would have done ; and this is often an important consideration, especially with a business in which income and expenditure are both on a very large scale.

NOTING AND PROTESTING.—We have seen that it is usual (though not absolutely necessary) to “note” an inland bill dishonoured by non-acceptance or non-payment, and that on the second formal

presentment by the Notary Public to the acceptor himself (or at the place where the bill is made payable), the Notary records its non-acceptance or non-payment by writing upon a slip the answer given by the drawee. This slip is then attached to the bill. The object of noting a bill is to have an official record of the refusal to comply with the demand of the Notary for acceptance or payment. (See example on p. 194.)

In the case of a foreign bill, after it has been noted, it is then "protested." A "protest" is a document containing a formal declaration by a Notary Public that he has presented a bill for acceptance (or payment), and that he protests against his demand being refused. The protest will contain the answer given by the person who has dishonoured the bill, and such protest should bear a shilling stamp duty.

Protesting is necessary in the case of foreign bills, since a protest by a Notary Public is looked upon in most foreign courts as the only legal proof of dishonour. Therefore a protest will play an important part in suing in a foreign court in respect of a dishonoured bill.

It may be mentioned that a dishonoured cheque bearing foreign endorsements is *sometimes* protested. When a customer pays such a cheque into his bank, the former will usually be asked for instructions as to whether or not the cheque is to be protested if dishonoured.

The following is a form of protest—

FORM OF PROTEST

UNITED STATES OF AMERICA, { ss., On the 18th day of September,
STATE OF NEW YORK.

in the year nineteen hundred and at the request of the holder thereof, I, THOMAS J. BROWN, a Notary Public of the State of New York, duly commissioned and sworn, did present the original Bill of Exchange or Cheque hereto annexed to

Gilbert & Co.,

at 22 West 36th Street, New York City,
and demanded payment thereof, which *they* refused, saying: *To return the draft as they would remit direct.*

WHEREUPON, I, the said Notary, at the request aforesaid, did PROTEST, and by these presents do publicly and solemnly PROTEST,

as well against the drawer, acceptor and endorsers of said Bill of Exchange or Cheque, as against all others whom it doth or may concern, for exchange, or re-exchange and all costs, damages and interest already incurred, and to be hereafter incurred, for want of payment of the said Bill of Exchange or Cheque.

THUS DONE AND PROTESTED, in the City of New York, aforesaid
in the presence of John Smith and Richard Smith,
witnesses.



In Testimonium Veritatis.

(Signed) *Thomas J. Brown*,
NOTARY PUBLIC.

IN CASE OF NEED.—A referee “in case of need” is the person whose name a drawer or any endorser may insert in a bill, to whom a holder may resort in case the bill is dishonoured by non-acceptance or by non-payment. The words are usually placed in the left-hand bottom corner of the bill, as “In case of need with the English Bank, Ltd., London.” A holder may please himself whether, or not, he resorts to the referee.

Where a dishonoured bill contains a reference in case of need, it must be protested for non-payment before it is presented for payment to the referee in the case of need.

ACCEPTANCE SUPRÀ PROTEST.—After protest for non-acceptance, any person may, with the consent of the holder, accept a bill suprà protest for the honour of any party thereon.

DOCUMENTARY BILL.—A documentary bill is a bill of exchange which is accompanied by various documents, such as bill of lading, dock warrant, delivery order, policy of insurance, invoice.

DOMICILED BILL.—Where a bill of exchange is accepted payable at some other place than the acceptor’s private or business address, it is said to be domiciled at that place.

PROMISSORY NOTES.—A promissory note is an unconditional promise in writing, made by one person to another, signed by the maker, engaging to pay on demand or at a fixed or determinable future time, a sum certain in money to, or to the order of, a specified person or to bearer.

On the next page is shown the usual wording of a promissory note (often abbreviated as P/N) and sometimes known as “a note of hand.”

In this example, Ernest Roberts is the “maker” and Harold Jeffery is the “Payee.”

A promissory note may be drawn for any time, or on demand. It may also be made payable to bearer, in which case it will require no endorsement and can be transferred by mere delivery, as is the case with a bearer cheque.

Stamp
6

£50-0-0

63 Worulwood Street
London, E.C. August 15/19

Four months after date I promise
to pay to Mr Harold Jeffery the sum of Fifty
Pounds for value received

Ernest Roberts.

A promissory note may be endorsed by any number of persons, and although the maker is primarily liable on the instrument, should he not pay the amount, each of the endorsers may be sued. Before any of the endorsers is liable, however, the note must have been duly presented to the maker and refused payment by him.

A place of payment may be named in the body of the note—as for instance a branch of any particular bank—and the note must be presented for payment at the place named, in order to render the maker liable.

The example given above is a promissory note in the general form in which it is met with, but there is another form known as a “joint and several promissory note” of which the following is a specimen—

Stamp
1/.

£85-0-0

25 Gracechurch Street
London E.C. August 15th/19

Three months after date we jointly and
severally promise to pay to John Robinson or order
the sum of Eighty Five pounds for value received.

Ernest Roberts.
James Brown

The makers of the above note are liable either individually or collectively, and if the note is not paid on its due date, the person

who has the note in his possession (a joint and several promissory note being, of course, transferable) can sue either of the makers for the whole sum.

It has been decided that a note which commences with the words, "I promise to pay," and is signed by two or more persons, is a joint and several note.

Then there is a further example, known as a "joint note," which begins with the words, "We promise to pay." In this case the makers are not liable in the same manner as in a joint and several note, but are only liable collectively. That is to say, if a joint note is unpaid (or dishonoured, as it is usually termed) it is necessary to sue the makers together.

All promissory notes, whether payable *on demand*, or at *any period after date* are subject to the following stamp duty—

Not exceeding	£5	1d.
Exceeding £5 and not exceeding	£10	2d.
„ £10	„ £25	3d.
„ £25	„ £50	6d.
„ £50	„ £75	9d.
„ £75	„ £100	1s.
„ £100		
For every £100, and also for any fractional part of £100		1s.

The above are known as *ad valorem* duties, and must be impressed before the notes are executed.

Adhesive stamps are not allowable for denoting the above duties.

I.O.U.—An I.O.U. is a written acknowledgment of a debt, and is generally made out in the following manner—

11th February, 19..

To Mr. George Black,

I.O.U. Twenty Pounds.

HENRY WHITE.

An I.O.U. in the above form is neither a promissory note, receipt, nor agreement, and consequently requires no stamp of any kind. If, however, any wording is introduced which amounts to a promise to pay, then the I.O.U. must be stamped with the same duty as a promissory note would require.

An I.O.U. is not negotiable, but is evidence of an account stated between the parties.

An I.O.U. is so called because the words, "I owe you," have by custom been supplanted by the letters, they having the same sound as the words.

QUESTIONS

1. Name the various "parties" to a cheque.
2. Define a cheque, and state what the difference is between a bearer and an order cheque.
3. Say what you know of the following—
 - (a) Post-dated cheques.
 - (b) Cheques undated.
 - (c) Cheques in which the date has been altered.
4. Why is it essential always to sign cheques in accordance with the original specimen signature given to a banker?
5. Give the instances in which a banker will return a customer's cheques unpaid; state the answers placed on the cheque, and give a brief explanation of such answers.
6. In what cases is a banker's authority to pay his customers' cheques terminated?
7. Give examples of the various crossings placed on cheques, and say what you can about a cheque crossed "not negotiable" and one crossed " $\frac{q}{c}$ payee only." What is the safeguard in crossing a cheque "not negotiable"?
8. Define a promissory note.
9. Draw up a promissory note from the following data—

"On the 30th November, 19.., John Smith of Ipswich, promises to pay £200 to the order of James Brown at three months after date."
10. What is the liability of the various parties to a promissory note?
11. What is a "joint and several" promissory note? Draw up an example.
12. What is the difference between a "joint and several" promissory note, and a "joint" promissory note?
13. Give the scale of stamp duties on promissory notes.

14. Give an example of an I.O.U. Does it require stamping ?
15. What is the definition of a bill of exchange ?
16. Draw up a bill of exchange from the following data—

“ On the 30th November, 1910, John Smith of Ipswich, draws on James Brown of 200 Fenchurch Street, London, E.C., for £200 payable three months after date to the order of Henry Wilson.”
17. Show how the above-named bill would appear when accepted.
18. When does a drawee become liable in respect of a bill ?
19. In what instances (if any) of the following is a bill invalid ?

when it is undated,
 ,, ,, post-dated,
 ,, ,, ante-dated,
 ,, ,, dated on a Sunday.
20. When the last day of grace falls on a Sunday, Christmas Day, Good Friday, or a day appointed by royal proclamation as a public fast or thanksgiving day, when is a bill due and payable ? Should the last day of grace be a Bank Holiday, when is a bill payable ?
21. Give examples of the various classes of acceptance.
22. Write a short account of the liability of the various parties to a bill.
23. Give the scale of stamp duties on inland bills.
24. What is a “ holder in due course ” ?
25. Give an account of the various parties who may endorse a bill.
26. Give an account of the procedure of a banker in discounting bills.
27. What are the rights and liabilities of the various parties to a dishonoured bill ?
28. Name the various ways in which a bill may be discharged.
29. Draw up a foreign bill of exchange, in a set of three, from the following data—

“ On the 30th November, 19.., Messrs. H. Jones & Co., of London, draw on the English Import Company of San Francisco for \$5,000 payable to the order of the Steel Company of America at sixty days after sight.”

30. Give an account of the various points with regard to the stamp duty on foreign bills.
31. Describe how a foreign bill may be discounted.
32. What is "protesting a bill," and why is this necessary in the case of foreign bills?

CHAPTER XVI

LIFE ASSURANCE

LIFE ASSURANCE differs from all other forms of assurance protection in that the probabilities on which it is dependent can be accurately calculated, and in that the contingency of human death is one which must ultimately arise. As a consequence, a life assurance policy is a contract with an increasing value, as its determination grows nearer. It can be transferred from hand to hand in the same way as any other form of security.

The basis of Life Assurance is the statistical information in existence as to the probable duration of human life, and the combination of the information gained from these statistics, with the interest earning power of money, gives us the payment required to insure the life of an individual person.

The statistical information is known as a Mortality Table, and the method of obtaining practical results from such a table will first be shown, after which the value of interest will be described.

THE MORTALITY TABLE.—The method adopted in making such a table is the tabulation of statistics of a group of persons chosen as suitable for the purpose. The first mortality table made was based on the register of births and deaths of the city of Northampton. Early in the nineteenth century another table was prepared based on information of the births and deaths of the city of Carlisle. Many other tables were prepared subsequently, but the most accurate were finally issued by the Institute of Actuaries, and are commonly known as the Healthy males (Hm) Table, and the latest of all, the Ordinary males (Om) Table.

The Hm Table took cognizance of a body of 100,000 healthy male lives, from the age of ten until their gradual extinction by death. In this table there are shown four columns—

- (1) Age at beginning of year.
- (2) Number of persons living at beginning of year.
- (3) Number dying during the year.
- (4) Average duration of life of the age stated.

Taking the age 35 as an example, we see that out of the 100,000 persons who were alive at the age of 10 only 86,281 have survived. Of these 757 will die during the year, only 85,524 reaching age 36. From these figures the cost of a simple form of assurance protection can be calculated. The 86,281 persons alive at age 35 wish to provide for the payment to the executors of such of them as do not reach age 36, of the sum of £10, and since they are aware that 757 persons of their number will die during the year, it is necessary for them to contribute a total of £7,570, or the number of expected deaths multiplied by the amount to be paid at each death. At the end of the year the fund will be closed, and the £7,570 completely absorbed. Each person will therefore have benefited himself by the protection at a cost of $\text{£}7,570 \div 86,281 = \text{about } 1\text{s. } 9\text{d.}$ Further protection for another year can then be provided by the survivors, but the cost would be increased, and if such a scheme were carried on from year to year, the payments would ultimately become onerous. For example, at age 70 there would be 38,124 survivors who would have to make provision for 2,371 deaths during the year, involving a payment of over 12s. per head.

INTEREST.—In the conduct of any financial transaction the interest-earning power of capital is of the greatest importance. In assurance we are dealing with capital which is not due for payment until a future date, and as there is in the meantime plenty of opportunity of using the capital for other purposes this can be done freely. The annual rent charged for the use of capital is known as interest, and its amount is dependent on the security of the object in which the capital is temporarily employed. Thus capital which is lent to an individual on his personal security, with no other guarantee of its security than the integrity of the borrower, should pay a high rent, or a high rate of interest. If, on the other hand, the capital is secured on house-property and a reasonable margin for possible depreciation is allowed, the rate of interest will be low. Interest is taken as due at the end of a year from the date of the loan and is payable in cash. If it is duly received and spent on immediate necessities, the loan is spoken of as earning Simple Interest, as the amount paid to the owner of the capital each year will not vary. On the other hand, the owner of the capital may prefer to lend out each payment of interest as he receives it, and his original capital is then increased each year by the interest

added to the amount lent. This is known as Compound Interest, and the capital sum originally lent increases very much faster.

For instance, if A. lends £100 at 3%, that is for an annual payment of £3, and if he spends this £3 every time he receives it, his capital in twenty years will still be £100. But if he re-invests the interest each year at the same rate of interest, in twenty years his capital will have grown to £180. Conversely, if A. wishes to defray a debt due in twenty years time amounting to £180, and can deposit £100 now so that it will earn compound interest at 3%, he will have provided for the ultimate payment of the debt. From this simple example we deduce two results which are of the greatest value in life insurance. Firstly, that the amount to which £100 will amount in twenty years at 3% Compound Interest is £180; secondly, that the payment required now, to produce £180 in twenty years, if 3% Compound Interest is earned, is £100, or in other words, the present value of £180 payable twenty years hence, assuming Compound Interest at 3%, is £100.

If we revert to the example of a simple assurance transaction given above, we shall see that no allowance for interest was made. If the £7,570 had earned 3% interest during the year, it would have increased to £7,797 2s., and therefore there would have been a surplus on the fund after paying out £10 to the executors of each of the 757 persons who died. This surplus would be available for payment of expenses incurred—or for distribution amongst the survivors. If, however, it was known that 3% could be earned on whatever amount was sunk, and there was no wish to provide a surplus, then the contribution of each individual might be decreased, and for £7,570 might be substituted the amount required to produce this sum at the end of the year when so invested as to earn 3%, that is the present value of £7,570 due one year hence at 3%, or £7,349.

Tables of interest at various rates can be found in reference books, showing the amount to which £1 will increase year by year, and also the present value of £1 due any number of years hence.

CALCULATION OF LIFE ASSURANCE PREMIUMS.—For reasons of convenience it will be obvious that the simple method of assurance hitherto mentioned is not suitable to ordinary requirements. A premium gradually increasing with age is undesirable, and accordingly the method which is of widespread adoption is that of making the premium a level one, balancing the large premium due in old

age by an increase of the premium payable during youth. The method adopted to obtain the premium required is very simple but involves a large quantity of figures, and it is therefore necessary to deal with an advanced age in order to show its working within reasonable limits. We will accordingly deal with lives aged 95 at the commencement of the assurance fund assumed to be in operation, and we will base our figures entirely on those contained in the Mortality and Interest Tables already mentioned. We see that there are only 135 persons living at age 95 out of the 100,000 who started at age 10, and that of these 86 will not survive to age 96. Assuming each person to be entitled to £10 at his death, we must provide for £860 to be payable at the end of the first year.¹ During the second year 40 persons will die, so that we must provide for the payment of £400, and during the third year the remaining nine will die, requiring £90 to be paid. The total fund must therefore amount to the sum of the amount required to produce these sums at 3% Compound Interest. The present value of £1 payable at the end of one year is 19s. 5d., and hence the present value of £860 is £834 18s. 4d. Similarly the present value of £1 payable at the end of two years is 18s. 10d., and therefore the present value of £400 will be £376 13s. 4d. Finally, the present value of £1 payable three years hence is 18s. 4d., and therefore the present value of £90 is £82 10s. We may now tabulate these results as follows—

Present value of payments to be made

At end of first year	£834 18 4
At end of second year	376 13 4
At end of third year	82 10 0
Total	<u>£1,294 1 8</u>

As there are 135 persons to be provided for, each one will pay his share of this amount, namely a little over £9 11s. 8d., the balance of the £1,350 being made up by interest. This, therefore, would be the single premium required to insure the sum of £10 payable at the death of a person aged 95. A similar calculation can easily be

¹ In these examples it is assumed that the liability is for the payment of £10 at the end of the year of death, irrespective of the actual time of death during the year.

made for any other age from the tables given, involving firstly the calculating of the present values of the payments anticipated, secondly the summation of these values, and finally division by the number of persons entering the fund at its commencement.

The calculations of the corresponding annual premium required can now be easily made. Turning again to our Mortality Table, we see that we start with 135 persons living. Assume that each person contracts to pay £1 yearly so long as he survives. We then start our fund with £135, the present value of which is of course the same amount. At the beginning of the second year only forty-nine are alive to pay £1 each, and from column 1 of the interest table we see that the present value of £1 due at the end of the year is 19s. 5d. This payment is really due at the commencement of the second year, but in this case it will be obvious that the same present value applies. The present value of £49 is therefore £45 2s. 5d. In the third year we shall only receive £9, and its present value will be £8 9s. 6d. In tabular form we get—

Present value of Premiums of £1 payable

First year	£135	0	0
Second year	45	2	5
Third year	8	9	6

Total £188 11 11

Now we know from our previous calculation that the present value of the sums payable is £1,294 1s. 8d., and if we divide this amount by the present value of the annual payments of £1 a year we shall obtain the actual number of such contributions of £1 a year that will be required to secure payments of £10 to each person's estate, namely, 6·861 times £1 per annum or £6 17s. 3d.

To summarize these calculations, we may say that at age 95 at entry the Single Premium required for an assurance of £10 payable at death is £9 11s. 8d. and the annual premium £6 17s. 3d.

Careful study of these simple figures will show the reader that the principle involved in all life assurance calculations is explained. If a policy be to protect a life against death during a certain number of years only, then possible claims arising beyond that time can be ignored. If the policy-moneys are to be paid at death, if it

occur before a certain age, or in cash at that age to the survivors, then again claims arising after that age are of no interest, but provision must be made for the payment of the full sum assured to each of the survivors.

POLICY VALUES.—Before leaving this part of our subject, the question of policy values must be entered into. The policy value is the amount of money which the assurance fund should have in hand at any given time, and its amount is the present value of all future liabilities. Reverting to the simple example we have used above, we see that at the beginning of the second year the deaths to be provided for are forty-nine, forty during the second year, and nine during the third year. The fund should then amount to the sum of the present values of £400 due one year hence, and £90 due two years hence. If, however, the premiums were to be paid annually, the present value of such of these as are to be received in future will be deducted from the present value of the future liabilities. For calculating policy values two tables are of the greatest use; firstly, the single premium for an assurance at any age, and secondly, the present value of an annuity payable during the lifetime of a person of any age. The former table has been already dealt with. The latter one is calculated in a similar way, but provision has to be made for the payment of the annuity to each survivor at the end of each year.

Briefly the policy value is the present value of the sum insured under the policy, less the present value of any future premiums which are to be received. The policy value is of the utmost importance to a life assurance society, as on its proper calculation and maintenance the solvency of the fund depends. In simple cases this is easily ascertained, but where the fund has to provide for lives of varying ages and with varying classes of policies, the calculation is most intricate.

EXPENSES.—In all the above figures no allowance has been made for the expenses which must necessarily be incurred in conducting the business of the fund, and the premiums we have calculated would, of course, require some addition to cover this. This addition is technically known as "loading," since the theoretical premium is "loaded" with the weight of the expense charge.

The expenses of a life assurance office will mainly consist of those incurred for necessary clerical work and stationery, fees to doctors

for reporting on the lives of new entrants, stamp duties on policies, and commissions to agents or others who introduce new business to the office. Most of these items fall on the first premium, but they are spread over the whole of the premiums payable under the policy in order to make the policy-holder's annual payment a level one. The addition which the premium carries on this account is usually a certain percentage of the premium, varying, of course, with the age of the entrant. For instance, an office may charge $12\frac{1}{2}\%$ extra for expenses at age 25, about 8% at age 40, and about 6% at age 60. As this "loading" is solely to provide for expense to be incurred, it is usual to ignore it in valuing the office liabilities under its contracts, and to assume that only the net premiums will be received in the future. This at the same time provides for all future expenses, and in the event of these proving less than the loading, may become a source of profit.

BONUSES.—One other form of loading has been left for separate attention as it is of an entirely different kind. Life assurance, as we have so far considered it, provides for the payment of a fixed capital sum at death. In the early days of life assurance, before the test of practical experience had confirmed the statistical information of mortality, it was usual to arrange a premium well in excess of the apparent requirements, so as to eliminate any chance of failure of the fund. The lapse of time proved that the early mortality tables were well on the safe side, and as a consequence the offices found themselves possessed of large funds with no liabilities attached. Where an office was the property of stockholders, this surplus was, of course, easily distributed; but where the office had been brought into existence as a mutual concern for the sole benefit of its policy-holders, the division of this surplus amongst the policy-holders was essential.

As a result the present "bonus system" materialised, and has ever since been a great feature of English life assurance. The balance of profit, after all liabilities have been assessed and provided for, and suitable reserves set aside, is distributed amongst such of the policy-holders as are entitled to participate. For this privilege the policy-holder is asked to pay an additional amount over and above the premium charged to those policy-holders who do not participate. Two classes of policy-holders have, therefore, to be dealt with, the profit sharing policy-holder, and the

non-profit sharing one. The former is entitled to the full privileges of his policy together with a share in such profit as the office may make, and he pays on an average 10% to 15% more than the non-profit rate of premium. Should the office fail to make a profit, or require its profit for writing off depreciated securities, he will, of course, be the first to suffer. The non-profit policy-holder is entitled to the privilege of assurance only, and to the extent of his sum insured and no more.

It may be well here to introduce an explanation of the terms "Mutual" and "Proprietary" as applied to life assurance offices.

MUTUAL COMPANY.—A mutual life assurance office exists, as its name implies, for the benefit of its members only. Its commencement has usually been due to the munificence of individuals in guaranteeing its original contracts until such time as funds were sufficient to sustain them without such guarantee. In such an office the with-profit policy-holders are the proprietors of the office, and in the event of dissolution would be entitled to divide the assets. The non-profit policy-holders are not interested, either in management or in profit, and their rights are limited to the benefit due under their policy.

PROPRIETARY COMPANY.—A proprietary company is one which possesses a body of shareholders who have subscribed the original capital, and to whom some share in the profits must be allocated. The shareholders are, in this case, the absolute owners of the office, and the management of the business is entirely in their hands.

VALUATION.—Every life office must periodically examine its affairs and take stock of its position in the same way as a trader in any other line of commerce. The stock-in-trade of a life office consists of its funds and its future receipts from premiums. Its liabilities (apart from the ordinary trade debts for necessary office requirements) are the sums due under its paper goods. In this country, life offices make a valuation at least once in every five years, some offices do this as often as every year. In getting together the necessary figures for this valuation there are two important calculations required.

- (1) The calculation of the value of all investments held by the office.
- (2) The calculations of the policy values of all life assurance contracts.

These two items may be discussed in further detail.

(1) The value of investments is a subject which does not come within the scope of life assurance itself, and will not be further pursued. It is sufficient here to say that the values adopted in this form of commerce should be conservative. Life assurance companies are dealing with contracts due many years hence, and the changing conditions of politics, trade, and the money market require careful watching. The absence of any necessity to keep large sums of money in securities which can be immediately realised gives a life office an opportunity to purchase investments whose future is their great attraction, and as a consequence to earn rates of interest impossible to other financial undertakings. Every opportunity should, however, be taken to write down the value of all securities to a safe figure, and to accumulate hidden reserves of this kind which would be of the greatest value in times of stress.

(2) The essential feature of the policy value has already been shown. All the existing contracts are investigated and the present value of the sums assured ascertained. The present value of all future premiums is also calculated and subtracted from the first calculation. The result will be the sum of all the policy values—

Present value of sums assured.

Present value of future premiums.

Difference :—Policy value.

The policy values so disclosed are the total sums of money and securities which should be available at the date of the valuation, and a comparison of this result with the value of the investments gives a true index to the state of the office's financial position.

Cash and value of investments.

Policy values.

Difference :—Surplus (or deficiency, if the policy values are the greater).

We may now discuss the case where a surplus is shown, and endeavour to trace the sources from which this surplus is drawn. These may be divided into three in number—

- (1) *Mortality*.—The profit under this head will arise from the actual mortality experienced being more favourable than the results expected to occur. In practice mortality

tables have always proved conservative, and this source of profit has been a valuable one.

- (2) *Interest*.—The rate of interest actually earned on investments may be in excess of the rate assumed in making calculations for premiums. 3% is the rate usually assumed by English life offices, and the rate of interest earned is nearer 4%. The difference is, therefore, a source of profit to the office.
- (3) *Minor causes* are many and various. Profit on resale of investments, profit on lapses and surrenders, fines and fees of various kinds, all these, though perhaps small in themselves, accumulate to an appreciable item on a large turnover of business.

Before leaving this introduction to the theoretical side of life assurance, there are two items which may be briefly touched upon: the method in which the distribution of surplus is carried out, and the so-called surrender-value of a policy.

DISTRIBUTION OF SURPLUS.—The method of distribution of surplus has been a very vexed question in life assurance. The ideal method gives each policy-holder a return in accordance with the contributions his own policy has made, and would involve a very careful examination of the sources of surplus and also of the sources of contribution. An old policy will be readily seen to have contributed more largely than a young one, and a life which has been charged a heavy premium on account of some defect of health (but which has proved less injurious than was expected) also requires special treatment. The most popular system at present is that known as the Compound Reversionary Bonus System. Under this system bonuses are declared as an addition to the sums assured under the policies, and any bonuses already attaching to the sum assured are reckoned as earning future bonus. Thus if a policy for £1,000 is effected with an office paying a Compound Reversionary Bonus of 1% per annum, the addition at the end of a first five years will be £50. At the second distribution after a further five years, the bonus will be 1% on £1,050 or £52 10s. In the third distribution the policy will receive bonuses on £1,102 10s. or £55 5s. In this way the share of the policy-holder increases each distribution and the system is both easy to understand and fair to all policy-holders.

SURRENDER VALUES.—The surrender-value of a policy is a point on which considerable misconception exists amongst the general public, but most of the leading offices are at present granting most liberal values. The surrender value is simply what the office will pay for the policy, and its amount is guided by the policy value of the particular policy at the date of surrender. In calculating this the office must bear in mind that the first year of a policy's existence is of little value to it : all the expense is concentrated on the first premium. In effect, the loading has been so arranged as to spread the incidence of this expense over the whole of the life of the policy, and therefore surrender at the full amount of the policy value would rob the office of part of its due. Further, the office is usually looking to making some margin of profit in its dealings, and this may be jeopardized by the withdrawal of a portion of its future income. Hence the amount of the surrender value may often seem very poor in comparison with the amount that has been paid in premiums, but if proper allowance be made for the loss to the office of the policy, it will usually be found to be a fair one.

We may now turn to the practical side of life assurance as exemplified by the numerous offices transacting the business.

WHOLE LIFE INSURANCE.—As is but natural, life assurance has had to adapt itself to the varying wants of the community, and has, in the process, taken on many forms and guises. First of all, in spite of its modern competitors, whole life assurance is still the most commonly adopted. This form of policy undertakes the payment of the sum insured at death only, whenever it may occur, and from whatever cause. Such a policy can be obtained for a single payment, or by annual payments spread over a fixed number of years, or by annual payments until death. This is, of course, the cheapest and most direct form of assurance.

ENDOWMENT ASSURANCE.—Next we have endowment assurance, the popularity of which has enormously increased of recent years. Here the sum insured is payable after the expiration of a certain term of years if the policy-holder is alive, or at his death if he die previously. Such a policy combines the essential feature of life assurance with the advantages of a savings bank, and if selected in a good office and the age of the candidate and the term of the policy carefully chosen, may represent an investment on survival of anything from two to three and one-half per cent.

Under both the above forms of policy, male and female lives are usually taken at the same rate of premium, and at all ages from 15 to about 75 or 80.

JOINT-LIFE ASSURANCE.—Joint-life policies are issued under which the sum assured is payable at the death of the first of two lives. Last survivorship policies are also granted under which the sum assured is payable at the death of the last or survivor of two lives. Similar policies can be issued for three or more lives, and are occasionally of value in business transactions.

A survivorship policy is one under which the sum assured is payable if one person dies before another and in that event only.

TERM ASSURANCE is the simplest form of assurance contract, and provides for payment only in the event of the life dying before a certain date or age. Term assurance is frequently adopted as collateral security for a loan, and it can be arranged that on payment of a certain extra premium, the policy-holder shall have the right to convert his policy into one for the whole of life or endowment assurance on payment of the requisite premium.* Such a policy provides a low premium at the outset, with a large subsequent increase when conversion takes place, and is known as convertible term assurance.

DEFERRED ASSURANCE.—Policies suitable for children have been very much to the fore in recent years. The child's endowment policy is one under which a sum of money is payable on the child attaining a certain age, usually 21. Should the child die before that age, the premiums paid are usually returnable, and in some cases with interest. Deferred assurance has great attractions to a parent. The payment of a very small annual premium when a child is young gives the right to continue the policy as an ordinary whole life or endowment one after age 21, only a return of premium being made if death occur before that age. No medical examination is required as a rule, so that there are many obvious advantages in such a scheme.

LEASEHOLD REDEMPTION OR SINKING FUND ASSURANCE is not life assurance at all, but the permanence of a life assurance fund is so certain, that it has come to be a feature of assurance offices' business. Here the payment of a single or annual premium secures the payment of a capital sum on a fixed date, which may be as many years ahead as is desired.

CONDITIONS.—The conditions attached to a policy are of great importance to a would-be policy-holder, and require careful study. Modern policies are very free from vexatious conditions, and are usually a simple promise to pay subject to the periodical premiums being duly defrayed. As, however, life assurance premiums are calculated on statistics of normal mortality, extra hazards, such as climate, war, or suicide, need to be provided against. Most offices grant a whole-world and occupation free policy at the outset, if the insured has no intention of residing in an unhealthy climate, and is unlikely to adopt a hazardous occupation. Some companies add a proviso that his age must be proved, and be over 30, and a few still only grant such freedom after a policy has been two or three years in force. Where an insurer is admittedly going to live in an unhealthy climate, such as some parts of South America, an extra premium is charged either for so long as he resides there, or for a fixed period of years. Naval or military officers run the double risk of climate and war, and provision is made for this by a uniform extra addition until retirement from the service.

Suicide is usually not a bar to a valid claim after a policy has been in force for a reasonable time, such as one or two years; but since policies are frequently dealt in by parties other than the life assured, it is provided that suicide shall not at any time be a bar to recovery by bona-fide holders for value. Some few offices do not insert a suicide clause at all, and in view of the third party proviso, this seems likely to be a universal practice in the future.

Conditions as to payment of premium are very generous. Thirty days of grace are universally allowed, and this period can be extended considerably on payment of a small fine. The non-forfeitable principle has been greatly extended, and it is quite usual for an office to keep a policy in force so long as its policy value is sufficient to cover premiums as they become payable. Paid-up policies for proportionate parts of the sum assured are always available, and under limited payment life policies or endowment assurances are usually an exact proportion of the sum assured for each premium paid.

Surrender values are almost invariably guaranteed, and in many cases are written on the policy. Loans are freely made up to about 95% of the surrender value, at from 4% to 5%.

If age has been misstated, the production of proof of the real age

is always accepted, and the premium or sum insured adjusted accordingly. No penalty attaches to such a misstatement, and, indeed, policies are usually free of any penalties for misstatement of any kind after about three to five years.

FORM OF PROPOSAL FOR LIFE ASSURANCE

1. Name in full _____
 Address _____
 Occupation _____
2. Age next birthday _____ Date and place of birth _____
3. Have you ever proposed for assurance to any other company ?

 If so, were you accepted at the ordinary rate of premium ?

 If not, were you declined or charged
 an extra rate of premium, and if so,
 please state name of company _____
4. Are your habits of life sober and temperate ? _____
 Have they always been so ? _____
5. Have you suffered from any serious
 disease ? If so give date _____
6. Who is your usual medical attendant ? _____
 For what ailments has he attended you ? _____
7. Are you now, to the best of your knowledge
 and belief, in good health ? _____
8. Do you know of any circumstance which
 makes your life more than usually hazardous ? _____
9. Have you ever been outside the limits of Europe ? _____
 Have you any intention of doing so ? _____
 Have you had, or do you intend to have
 any connection with naval or military service ? _____
10. Give the names of two disinterested friends
 for reference as to your habits of life _____

Other questions will be added which bear on the class and amount of the policy required, and as to the disposition of interest in the policy.

GOOD FAITH NECESSARY.—Life assurance is a form of protection which is essentially dependent on the good faith of the person assuring, and as a result the questions which have to be answered are designed to secure the office against misrepresentation. These forms are generally six in number: a proposal form signed by the party who wishes to assure his life, a specimen of which is given; a statement of personal and family history which is also signed by the proposer, as he is called, and in the presence of the doctor; a report on the proposer's state of health drawn up and signed by a registered medical practitioner; two forms with questions bearing on the life and habits of the proposer which are answered by two personal friends; and a report by the agent who introduces the proposer to the office.

In the statement of personal and family history, the proposer will be asked to give full particulars of his own personal life, the illnesses he has suffered from, and the medical attendance he has required, and also to give the ages of his father, mother, brothers and sisters, their state of health if alive, and cause of death if deceased. This statement usually forms a part of the doctor's report form and is signed by the proposer in the doctor's presence as evidence of identity.

The doctor will examine the heart and lungs of the proposer, paying special attention to any information supplied of previous illness, or family tendency; will measure height and weight, chest and abdomen; will note physical defects or peculiarities; and finally give the office his opinion of the proposer's chance of longevity as compared with an imaginary first-class subject.

The friends are asked simple questions relative to the proposer's health and habits of life, many of them so framed as to be corroborative evidence of the truth of the proposer's own statements. The agent's form will contain very similar queries of a corroborative nature. In some cases recourse may be had to the opinion of the proposer's own medical man.

All these forms will then be considered and the office will make its decision as to the eligibility of the proposer for assurance.

And here a word must be said as to the case of a life which proves to be inferior to the average. Rates of premium are calculated on the assumption that all lives are of average duration, and therefore no others are admissible. Many lives are found which do not,

in medical opinion, come up to this average, and it is the practice of offices to accept these on some special arrangement of adjustment. This may take the form of increasing the premium charged for average lives at the proposer's age, or by making the policy subject to a countercharge or debt which gradually diminishes as the years go on. Personal or family history of a hereditary disease, such as phthisis or cancer, is a frequent cause of such extra charges being made. These extras are quite distinct from those charged for hazards of occupation or of climate, and usually carry with them some compensating advantages which become of moment if the life afterwards proves to be equal to the average.

It will be seen from the description of the forms adopted in life assurance, that reliance is placed on the good faith of two parties, the proposer himself, and the medical examiner. The good faith of the proposer is checked as far as possible by reference to friends, and to his introducer, who is usually the agent of the office, and should be sufficiently responsible and well known to the office for his introduction to carry weight. The medical examiner is usually chosen carefully both by reference to his local standing and his qualifications, and it is only fair to say that it is greatly to the credit of the profession that the confidence of the life assurance offices is but rarely misplaced. The actual examiner's report is usually viséed by a medical man of exceptional standing and insurance experience, and his opinion is the one on which the office finally acts.

QUESTIONS

1. By what means are assurance companies able to estimate the probable life of a person who wishes to assure himself?
2. What do you understand by the Hm. Table and the Om. Table, and for what purpose was the former compiled?
3. State as clearly as you can the method adopted by assurance companies in calculating Life Assurance Premiums.
4. Explain what is meant by "Policy Values."
5. What do you understand by Loading, and of what is this made up?
6. Define (a) Mutual Company; (b) Proprietary Company.
7. Explain as fully as you can what you understand by Valuation as applied to the affairs of a Life Assurance Office.
8. What are Surrender Values?

9. When money is advanced on the security of a Life Assurance Policy, how can the lender ascertain the safe amount to be advanced ?
10. State the difference between whole Life Assurance and Endowment Assurance ?
11. Define the following terms : Joint Life Assurance ; Term Assurance ; Deferred Assurance ; Leasehold Redemption Assurance.
12. Why are the conditions attached to a policy of great importance to the would-be policy-holder ?
13. What are the usual questions asked by the assurance company of a person who proposes insuring his life ?
14. Suppose a person in filling up his Proposal Form innocently made a serious mistake in answering the questions, what effect (if any) would this have on the liability of the company ?
15. Describe (a) the Main Objects of Life Insurance ; (b) to what commercial uses a life assurance policy may be put.

CHAPTER XVII

FIRE INSURANCE, ACCIDENT INSURANCE, ETC.

FIRE INSURANCE is a highly technical subject, and we cannot do more than consider briefly a few of its governing principles.

THE CONTRACT.—Under a fire insurance contract the Insurers undertake to pay or make good to the Insured any actual loss or damage by fire which may happen during a particular period to specified property, not exceeding the sum named as the limit of insurance, or of each item thereof, in consideration of an immediate fixed payment.

It will be seen from this definition that an insurance contract is essentially an *indemnity*; hence it follows, because a person has insured for say £500, the Insurers are not necessarily liable for that amount, although the property may have been totally destroyed. The actual cost of a particular article does not furnish the measure of the Insurer's liability, but is merely a basis or medium for arriving at its value at the time of destruction, due regard being paid to depreciation through wear and tear.

A Fire Policy usually covers loss arising from fire due to explosion or lighting, but unless specially provided the cover does not extend to consequential loss, *i.e.*, rent, loss of profits, interest on debentures, etc.

PROPOSAL FOR INSURANCE.—The first step to take when contemplating an insurance is to fill up a proposal form similar to the one shown on page 227, and forward this to the company. On receipt of the particulars should the risk be approved, the company will issue "a cover-note." This is a document in which the company undertakes to hold the insured covered pending the preparation of the policy. When the policy is ready it is delivered to the insured in exchange for the premium. On receiving the policy the insured should most carefully read all the conditions contained therein, in order that he may know exactly what risks it covers, and that he may understand what steps to take in case a claim for damage by fire should become necessary.

The proposal being the basis of the contract it is important

that each question on the form should be answered in language admitting of only one interpretation. In proposing for an insurance on the contents of a private house, it must be borne in mind that the indemnity granted under such policies only extends to the actual contents of the house, and not to property which may be stored in an out-house. Therefore any property required to be covered outside the main building should be specially mentioned on the proposal form.

In regard to trade risks the exact nature of the stock must be specified, and where the goods are in more than one building, separate amounts for each building must be given.

Such items as tenants' fixtures and fittings, *i.e.*, partitions, gas brackets, facias, etc., are not covered under a policy issued to cover "Contents" unless specially arranged when the insurance is effected.

Fire insurances are usually effected by yearly policies renewable at each of the quarter days, but insurances can be arranged for a lesser time under what are termed "short period" policies.

All policies must bear a penny stamp.

INSURABLE INTEREST.—It is an insurance axiom that before a person can effect a policy of insurance he must have an insurable interest, *i.e.*, a legal or an equitable right in the property for which an insurance is desired.

PRIVATE HOUSE INSURANCES.—The insurance of private house risks present on the whole little, if any, difficulty, and the rates of 2s. per cent. on contents and 1s. 6d. per cent. on buildings are uniformly quoted by first-class offices.

It is usual to insert a warranty in private house policies that no one article, unless specified, shall be deemed of greater value than 5 per cent. of the total insurance, and further that the insurers are not liable for loss or damage to deeds, bonds, money, or securities for money, stamps, documents of title, etc.—this warranty is also usual to policies for trade risks.

TRADE RISKS.—The classification and rating of business risks, however, present many difficulties, and call for an exceptional capacity of judgment, combined with a technical knowledge of all classes of trades, and of the methods of building construction, which can only be obtained over a long course of study and practical experience.

The assessment of a premium for an insurance on business premises depends upon so many elements that, as a rule, a company will not quote for a risk until it has received a report from its Surveyor, although it is invariably willing to hold the intended Insured protected under what is known as a "*cover-note*," pending the survey, upon the understanding that a premium is paid on the basis of the rates to be decided, for the time on risk.

The rate for the building usually follows the rate for the contents.

INTERNAL AND EXTERNAL HAZARDS.—We will now direct our attention to some of the special points to which consideration has to be given in determining a rate for any particular risk.

The construction of the building is the first consideration, and in this connection it should be observed that certain Acts, known as the London Building Acts, 1894 and 1905, have been passed by the legislature, laying down certain rules to be observed in the construction of buildings. These rules are of the utmost importance to Insurance Companies.

The nature of the trade carried on by the proposer and by the other tenants, if any, in the same building, and in the surrounding property is an important factor. In the manufacturing trades in particular, rates vary considerably, as processes which are carried on may give rise to inflammable vapours, or the method of drying or heating the goods may be a serious source of danger.

The companies' risk is increased where the building is in the occupation of two or more tenants, and when the trades carried on are of a diverse character the highest rate applicable to the greatest hazard is charged to all tenants.

Regard must be had to the method of heating and lighting the premises. All chimneys, stoves and gas brackets must be fitted so that there is no exposure to woodwork, and the floor space around fireplaces should be constructed of incombustible material; the means employed for minimizing the danger of fire, such as, for instance, the use of automatic sprinklers (where these exist the normal rate for the class of risk is usually discounted) also calls for consideration.

Again the nature of the goods to be insured must be considered from the point of view of salvage; some classes of goods are naturally more combustible and more easily damaged by contact with

PROPOSAL FOR BUILDINGS AND CONTENTS OF BUSINESS PREMISES.

Name in full _____
(If a Lady, please state whether Single, Married, or Widow.)

Residence _____

Occupation _____

1. On **BUILDING** of **DWELLING-HOUSE** and or **SHOP**,
used for the following trade purposes :—

Sum to be Insured

_____ } £
situate _____

The above building is brick or stone built, and slated or tiled
unless stated to the contrary.

2. On **ONE YEAR'S RENT** thereof £

3. On **HOUSEHOLD** and **PERSONAL EFFECTS** of every
description (excepting Money, Securities, Docu-
ments, Stamps or Manuscripts), the property of the
Insured, his Family and Servants (no one Curio,
Picture or other work of Art to be valued at more
than £_____) therein } £

4. On **STOCK** and **UTENSILS IN TRADE** as a _____
_____ therein } £

5. On **FIXTURES** and **FITTINGS** (exclusive of Plate-
Glass and Plate-Glass fronts) therein } £

6. On **PLATE-GLASS** and **PLATE-GLASS FRONTS**
therein } £

7. On **GOODS IN TRUST OR ON COMMISSION** (for
which the Insured is responsible) therein } £

8. On other Property than above, viz. :— _____
_____ } £

If previously Insured with this Company say whether above
is in lieu of _____

Policy No. _____ or in addition to No. _____

The Proposer is requested to answer the following questions :—

1. Have you ever had any property destroyed by Fire ? if so, give details _____
2. Has an Insurance on this Property been refused or the renewal of a Policy
thereon declined by any Company ? _____
3. How long have you carried on business in the above premises ? _____

Date _____ Signature of Proposer _____

The Agent is requested to answer the following questions :—

1. How long have you known the proposer ? _____
2. Do you recommend acceptance ? _____

_____ Agent.

water than others, and consequently the chances of salvage, to form a set-off against the loss, is more or less remote.

In certain trades the rate is influenced by the different classes of machines used, and also by the number of persons employed.

AVERAGE CONDITIONS.—The rates for contents are based on the assumption that the full value of the stock is insured, and the companies, in order to protect themselves against the obviously unfair risk thrown upon them where only a part is insured, insert in their policies what is known as the average clause.

There are three conditions of average in use among British offices, *i.e.*—

- (1) The *pro rata* average.
- (2) The second condition of average.
- (3) The three-fourths condition of average.

The *pro rata* average provides for a sharing of the loss between the Insured and the Insurers, in proportion to the risk that each is carrying.

The second condition of average is applied to "Floating" policies, *i.e.*, policies chiefly used in connection with merchandise located in several places (*i.e.*, docks, bonded stores and warehouses) where the value of the goods fluctuates from time to time.

The three-fourths condition of average is used in connection with Farming Stock Policies. The clause comes into operation when the insurance effected is less than three-fourths of the value of the property at the time of the fire, in which event the Insured is considered his own insurer for the difference between the sum insured and the value of the property.

ADJUSTMENT OF LOSSES.—In the event of a fire the insured must immediately give notice in writing to the company and furnish *such reasonable proof as the circumstances of the case admit*; he must also state whether any other parties are interested in the damaged property, and if such should prove to be the case, the various parties will apportion the loss between themselves.

In concluding our necessarily brief remarks on the principles of Fire Insurance, there is one particular condition common to all fire insurance policies, and that is the right (a Statutory right granted by the Acts of Geo. III and Victoria, so far as *buildings* are concerned) held by companies, either to pay the insured in the

event of a fire, a sum of money in settlement of the claim, or to reinstate the damaged property. Where the companies elect to reinstate, which is very seldom, they are responsible for bad workmanship.

ACCIDENT INSURANCE

THE term accident insurance is used in its broadest sense to comprehend all casualty and contingency insurances (life, fire, and marine excepted) undertaken by the accident department of the modern insurance company. The writer is almost tempted to describe the number and variety of these insurances as "legion." In view of the present day adaptation of insurance to the various possibilities of risk and loss, it is difficult to conceive a risk in connection with an individual's private or business career, against which it is not possible to effect an insurance in one form or another.

It is, of course, impossible to deal with every class of accident insurance, and therefore it is proposed to review the more important branches, as follows—

Workmen's Compensation Act Insurance.

Personal Accident Insurance.

Third Party Insurances, *i.e.*,

Drivers' risks.

Motor-car risks.

General Third Party risks.

Miscellaneous.

WORKMEN'S COMPENSATION INSURANCE.—By Workmen's Compensation Insurance is generally understood a contract of indemnity under which the insurers undertake to indemnify the employer against his legal liability under the Common Law, the Fatal Accident Act, 1846, the Employer's Liability Act, 1880, and the Workmen's Compensation Act, 1906, in respect of accidents happening to his workpeople, and the cost incurred in contesting or settling claims made. The obligations imposed upon employers of labour under the various Acts are of such an onerous character that the wisdom of effecting an insurance with an office whose financial standing is beyond criticism will be apparent.

The premiums vary in accordance with the degree of hazard of the particular trade. The classification and rating of risks, which

in itself is a big subject, hardly falls within the scope of this work.

HISTORY OF LEGISLATION.—The relation between master and servant has gradually changed during the course of history, and the tendency has been to increase the burden on employers. At the present time a workman, meeting with an injury whilst following his employment, has three courses of action open to him to recover compensation, and the circumstances under which the accident arises will determine whether the claim should be made under Common Law, the Employers' Liability Act of 1880, or the Act of 1906.

COMMON LAW.—Common Law is the unwritten law of the land founded on usages and customs. Prior to the Act of 1880 the only remedy the workman had was at Common Law, under which, in order to recover damages, he had to prove *personal negligence* on the part of his employer. Even then the workman's right to claim is limited by three defences which are open to the employer—

1. Common employment—accidents caused by the negligence of a fellow-workman.
2. Where the injury results from a danger known and appreciated by the workman. This doctrine is expressed in the maxim—*volenti non fit injuria*.
3. Contributory negligence on the part of the injured workman.

LORD CAMPBELL'S ACT, 1846.—Under Common Law the master was relieved of liability in the event of the death of the injured person. *Actio personalis moritur cum personâ*. With the passing of Lord Campbell's Act in 1846 this condition of things was altered, and such right as the deceased person would have enjoyed under Common Law, had he lived, was vested in the executor or administrator.

EMPLOYERS' LIABILITY ACT, 1880.—In 1880 the Employers' Liability Act became law, and the effect of the main provisions of this Act was to remove the employer's defence of common employment, and thereby to give the injured workman the right of compensation, with certain specified exceptions, where the accident arises through the negligence of any person entrusted by the employer with powers of superintendence. The employer's liability for personal acts of omission or commission still remain.

The maximum compensation recoverable under the act is limited to the equivalent of three years' earnings.

WORKMEN'S COMPENSATION ACTS, 1897 and 1900.—The Acts next to be placed upon the Statute Book were the Workmen's Compensation Acts (1897 and 1900). These Acts created a liability on all employers to whom the Act applied, to compensate their workpeople for *all* accidents "*arising out of and in the course of their employment.*" Seeing both Acts were repealed by the Act of 1906, which we shall now proceed to consider, it is unnecessary to pursue them further.

WORKMEN'S COMPENSATION ACT, 1906.—The Workmen's Compensation Act of 1906 makes important changes in the law as it previously existed. It not only extends the liability for accident, but introduces a fresh liability for certain industrial diseases, and whilst much has been done by legislation to remove previously existing anomalies, yet owing to its wide range the Act bristles with technicalities and problems for the lawyer.

As it is only possible to touch the fringe of the subject, the reader would be wise in having by his side a copy of the Act itself, so as to make himself conversant with the full text.

Broadly speaking, the Act gives the right to compensation to any workman, whether engaged in manual work, clerical or otherwise (with a very few exceptions to which reference will be made later), in the event of his being incapacitated by an accident *arising out of and in the course of his employment*, provided the incapacitation lasts for more than one week. Compensation is also payable in respect of certain industrial diseases.

Before a claim can be substantiated under the Act the following conditions must be satisfied.

DEFINITION OF WORKMAN.—The employment must be such as to bring the injured workman within the definition set forth in Sect. 13 of the Act. Concisely put, anyone (with the following exceptions) who works *under a contract of service*¹ whether as a clerk, mechanic, traveller, or domestic servant is a workman within the meaning of the Act.

¹ NOTE.—In order to bring a person under the Act there must be a contract of service so as to establish the relationship of master and servant, and this can only exist where there is the right of control, BOTH as to the *order* in which certain work shall be done, and the *manner* of doing it.

- Exceptions :—1. Persons earning more than £250 per annum and who are *not* engaged in manual work.
2. Persons engaged in a private and domestic capacity whose employment is of a casual nature.
3. Members of a police force.
4. An outworker—a person to whom articles are given out to be made up in his or her own home.
5. A member of the employer's family dwelling in his house, as defined by Sect. 13 of the Act.

PERSONAL INJURY BY ACCIDENT.—Further the injured workman must prove that the injury is the result of an accident.

The definition of the word accident remained in an unsatisfactory state until the year 1903, when the House of Lords, in the case of *Fenton v. Thorley*, defined "accident" to mean "*an unlooked-for mishap or an untoward event which is not expected or designed.*" A much wider interpretation has been given to the word accident since this case, but it has been laid down by the Court of Appeal that to constitute an accident, the injury must be referable to a definite date, and on this reasoning miner's beathand and lead-poisoning were held under the Act of 1897 not to be injury by accident. The present Act, however, includes such cases under the list of industrial diseases coming within its scope.

ARISING OUT OF AND IN COURSE OF.—Again the accident must arise BOTH *out of* AND *in the course of* the employment. These words involve questions of law and fact. It has been held by the courts that an accident may arise *out of* the employment, provided the workman is acting within the *scope* of his employment, even though he may violate the order of his master; also where a workman performs an act in a sudden emergency and in the interests of the employer, though ordinarily outside the scope of the workman's employment. So also where a man was killed by lightning whilst working in a position involving *more than* a normal risk of being struck by lightning. But where a ticket collector, after collecting tickets, jumped on the footboard of a train to speak to a friend and was killed whilst jumping off, it was held that the accident did *not* arise out of the employment.

TIME FOR TAKING PROCEEDINGS.—A further condition to a right of claim is compliance with Subsect. 1 of Sect. 2, which provides that notice of the accident must be given as soon as practicable after the happening thereof, and before the workman has voluntarily left his employment. Further, a claim for compensation is to be made within six months.

SCALE OF COMPENSATION.—The injured person, having satisfied the before-mentioned conditions of the Act, is entitled to compensation in accordance with the scale set forth under Schedule I, which is briefly as follows—

1. Where *death* results from the injury an amount equal to three years' earnings—but not less than £150, nor more than £300—where there is a total dependency.

Example :—Where the average earnings of a workman previous to death were 16s. per week, £150 would be payable.

Where the weekly wages were 50s. per week, then £300 would be payable.

2. Where only partial dependency exists, a sum proportionate to the loss sustained.
3. Where no dependents, expenses of medical attendance and burial up to £10.
4. Where the injury results in *temporary total disablement* half-weekly wages (not exceeding £1) during incapacity.
5. Where the injury is of a permanent character compensation is payable for life, and in such cases the employer can, after six months, make application to redeem the claim by the payment of a lump sum equal to 75 per cent. of the weekly payments.

No compensation, however, is payable for the first week of disablement unless the incapacity lasts for two weeks, then compensation is payable from the date of the accident.

WORKMEN UNDER TWENTY-ONE.—Exception is made in the case of a workman under twenty-one years of age at the time of the injury, where the average weekly earnings are less than 20s. ; then 100 per cent. of the earnings is payable, but in no case is the payment to exceed 10s. per week.

AVERAGE WEEKLY EARNINGS.—These are to be computed in such manner as is best calculated to give the rate per week at which the workman was being remunerated. Special rules have been laid down for arriving at the earnings, but questions of some difficulty arise where the employment has lasted only for a few hours or days, and where there have been breaks in the employment due to slackness of work.

DEFENCE TO A CLAIM.—When it can be proved that the injury to a workman arises through his own serious and wilful misconduct, the employer is not liable, *except* where the injury results in death, or permanent disablement.

DISEASES.—The definite inclusion of diseases in the Act is a new departure in English legislation. The Third Schedule to the Act gives a list of the diseases for which compensation is payable, but it will be observed that under Subsect. 6 of Sect. 8 the Secretary of State has power to extend the list of diseases; as a matter of fact a supplementary list has already been issued.

Many difficulties present themselves when a claim arises under this section, and where the disease is one contracted by a gradual process (such as lead-poisoning), special rules of procedure have been laid down for ascertaining whether the immediate or previous employer is liable, and where the responsibility rests with more than one employer each has to make a contribution towards the compensation payable.

SEAMEN.—The Act, subject to specially prescribed conditions which are too complicated to enter into here, applies to masters, seamen, apprentices to the sea service, and apprentices in the sea-fishing services, and who are members of a ship registered in the United Kingdom. An exception, however, is made where the crew of a fishing vessel *share in the profits*.

SUB-CONTRACTING.—The limits of this work will only allow of our reviewing one other aspect of the Act, and that in relation to the position of an employer (the principal) who contracts with another person (the contractor) for the execution of certain work ordinarily undertaken by the principal (Sect. 4). In these circumstances the *principal* is liable for accidents sustained by the workman of such other person, provided the accident occurred *on or in or about* the premises on which the principal has undertaken

to execute the work, or which are otherwise under his control. Sub-sect. 2 of Sect. 4, however, gives the principal the right of indemnification by any person who would have been responsible to pay compensation independently of such section.

Where the contract relates to agricultural work and the *contractor* provides and uses machinery *he alone* is liable.

PERSONAL ACCIDENT INSURANCE

HISTORY.—This is the latest form of casualty insurance. With the introduction of express trains the necessity arose for protection against personal injury and loss of life attendant upon this mode of travelling.

The earliest form of personal accident insurance, which was limited in its scope to railway accidents, was initiated by the Railway Passengers Assurance Company about the year 1849. The contract took the form of railway tickets or coupons, obtainable at the booking offices at the principal stations. This system still remains in force.

The necessity for a policy wider in its scope was evidently felt, for within a year or so a policy covering accidents from any cause was placed before the public.

For the first ten years the companies experienced great difficulty in carrying on the business, owing partly to the want of experience in drafting their contracts so as to cover themselves against dishonest claims, and to the meagre information in their possession for the formulating of rates. Further, the stamp duty at this period was a heavy burden and interfered with the development of the business.

From 1860 more careful attention was paid to the classification and rating of risks, and the business was gradually placed upon a sounder basis.

In the year 1892 certain defined diseases were added to the policies, but it is only of comparatively recent years that companies have issued all sickness and accident contracts.

NATURE OF CONTRACT.—Under a Personal Accident Policy the company agrees to pay to the insured, in the event of his sustaining any bodily injury caused by violent, external and visible means, certain capital sums for death, loss of limbs or eyes, and a stated

amount per week, for a limited period, during such time as the insured is either partially or wholly disabled. Most policies also provide for an annuity in the event of disablement for life by accident, other than loss of eyesight or limbs for which capital sums are provided. Where a policy includes sickness benefits, the insured is only entitled to claim compensation in respect of an illness provided he is *totally* incapacitated from following his employment for at least one week. *Partial* disability due to sickness is not covered.

Certain risks, such as suicide, self-inflicted injuries, intoxication, insanity and venereal diseases are excluded, and a clause giving effect to this is inserted in the contract.

The policies are usually annual contracts, and the company is not bound to invite the renewal of the insurance. Where a policy is for one year, renewable from time to time by consent, it has been held that each renewal is a new contract and not a renewal of the original contract. It must also be remembered that the principle underlying personal accident insurance, and, indeed, all insurances, except life, is virtually one of indemnity, notwithstanding the contracts, as usually drawn up, are not indemnities in the true sense of the word, inasmuch as the company agrees to pay a definite fixed amount for compensation in the event of injury, for a given premium. In *Theobald v. Railway Passengers*, Baron Alderson said: "These are not contracts of indemnity because a person cannot be indemnified for a loss of life as he can in the case of a house or shop." Legally this is correct. Nevertheless, in actual practice, immediately the principle of indemnity is overlooked by a company and a person is permitted to insure against accidents for any amount he likes, not only are the fundamentals of insurance (life assurance excepted) infringed, but conditions are created under which fraud is easy.

KINDS OF POLICIES.—The public to-day have a choice of three forms of policies, *i.e.*—

1. Policies covering accidents only.
2. Policies covering accidents and defined diseases.
3. Policies covering accidents and *all* sickness.

The table on the next page gives the approximate rates and benefits covered under each respectively.

ITEMS.	NAME OF POLICY.					
	Table 1	Table 2	Table 3			
ANNUAL PREMIUMS.	£ s. d.	£ s. d.	£ s. d.			
Class 1	4 0 0	7 0 0	10 0 0			
Class 2	5 0 0	8 0 0	11 0 0			
Class 3	6 0 0	9 0 0	12 0 0			
ACCIDENT BENEFITS.	£	£	£			
Death, two limbs or eyes, or one limb and eye	1000	*1000	1000			
One limb or eye	500	*500	500			
Permanent Total Dis- ablement, per annum	nil	30	nil			
Temporary Total Dis- ablement, per week	£6 26 wks.	*£6 52 wks.	£6 26 wks.			
Temporary Partial Dis- ablement, per week	1 10 0 26 wks.	*1 10 0 52 wks.	1 10 0 26 wks.			
DISEASE BENEFITS.						
Temporary Total Dis- ablement, all sick- ness, per week	nil	nil	£6 26 wks.			
Do. do. specified dis- eases, per week	nil	£6 52 wks.	nil			
Total Blindness or Per- manent Paralysis	nil	500	nil			

* Double Benefits for injury arising from accident to the Passenger Lift, Train, Tramcar, Omnibus or other Licensed Vehicle, or sustained in a Burning Building.

PREMIUMS.—In practice personal accident risks are divided into three classes, *i.e.*, Ordinary, Medium, Hazardous.

The ordinary, or Class I, comprises professional and mercantile men.

The medium, or Class II, comprises tradesmen superintending only.

The hazardous, or Class III, comprises tradesmen working.

The premiums, as will be seen from the before-mentioned table, vary according to the class under which the proposer's occupation is classified. An age-limit is inserted in most prospectuses, and it is usual to accept proposals for Accident and Defined Diseases from healthy male lives between the ages of 16-60, and for All Sickness, 16-55. An additional premium is generally required where the proposer engages in steeplechases, football (league matches), polo, mountaineering or motor-cycling.

FORM OF PROPOSAL.—Before a policy can be issued the intended insured has to complete a proposal form which contains amongst other questions, the following—

- (1) Name, address, occupation, age, height and weight.
- (2) Have you ever made a proposal for insurance against accidents or sickness, and have you ever been declined or accepted on special terms for life, accident, or sickness?
- (3) Have you ever suffered from varicose veins, fits, paralysis, hernia, rheumatic fever, pneumonia or pleurisy, asthma, consumption, heart disease, appendicitis, or any disease of the stomach?
- (4) Have you any physical infirmity, *i.e.*, defective eyesight, hardness of hearing or lameness?
- (5) Do you engage in mountaineering or sports of any kind?
- (6) Has any relative suffered from consumption?
- (7) Have you received compensation for sickness or accident?
- (8) Are you now in sound health?

The proposal being the basis of the contract, it is of the utmost importance that the applicant should answer the questions carefully. Any concealment of material fact or mis-statement nullifies the contract and relieves the company of all liability.

SELECTION OF RISKS.—The utmost care is required in the selection of proposals for accident and sickness insurance. Specially is this so in regard to sickness risks, it being a recognised fact that in no other branch of insurance is “selection” so much against the company. Consequently a careful underwriter before accepting a proposal will see that each question on the form is answered fully and in unequivocal terms. If the applicant has suffered from a previous accident or sickness full particulars of its nature and duration should be insisted on; so also where there is any physical defect, such as deafness or short-sightedness, as obviously a person afflicted in this way is more susceptible to accidents. The family history is an important matter for consideration, especially where the contract is to cover sickness. Where the weight of an applicant is abnormal careful enquiries should be made as to the cause.

Where a proposer has been declined by a first-class life or accident company it may be taken as a general rule that he is uninsurable, at least for sickness.

DEFINITION OF POLICY TERMS.—We have already seen that a wide interpretation has been given to the word “accident” under the Workmen’s Compensation Act, but in connection with personal accident insurance, where the word is defined by the policy itself, the decisions range round the *qualifying* words. Certain terms in accident contracts have consequently, by common usage, acquired definite meanings, for instance—

Accident as defined by most companies involves bodily injury caused by violent, accidental, external and visible means.

Permanent Total Disablement.—Loss of limbs or irrecoverable loss of sight of both eyes within three calendar months from date of accident.

Permanent Partial Disablement.—Loss of one limb or irrecoverable loss of sight of one eye within three calendar months from date of accident.

Temporary Total Disablement.—Inability to attend to business of any kind.

Temporary Partial Disablement.—Arises when the injury does not wholly and entirely prevent attention to business.

Annuity.—To entitle the insured to an annuity under the policy he must be totally and absolutely incapacitated from work for remainder of life.

Railway and Tramcar Accidents.—To entitle a person to double benefits, the accident must occur to a train or tramcar in which the insured is travelling as a passenger.

Death.—The injury must be the proximate, sole and direct cause of death, which must take place within three calendar months after the accident.

SETTLEMENT OF CLAIMS.—To the uninitiated the adjustment of claims under personal accident policies is an ostensibly easy matter. In practice it is not so. It may be, and is generally speaking, comparatively easy to decide whether the accident is one coming within the scope of the policy, but differences of opinion naturally arise between the view taken by the insured and his doctor, and that taken by the medical officer acting on behalf of the company, as to the length of incapacity and the fitness or otherwise of the insured to commence business. Again, the insured at times unfortunately overlooks the fact that the company is only responsible to pay compensation in accordance with the benefits under the

policy, and that they cannot take into consideration any pecuniary loss sustained by his enforced idleness. Again, owing to the fact that personal accident insurance is of necessity restricted to professional and business men, a personal accident policy-holder often has other insurances with the company such as fire, workmen's compensation, etc., and therefore the claims adjuster requires to use a good deal of tact in the settlement of a claim for fear of prejudicing other connections. Be it said, however, to the credit of the companies, it is seldom a genuine claim is questioned or disputed.

THIRD PARTY INDEMNITY INSURANCE

Insurances under this heading cover the insured's Common Law liabilities. The laws of England make it incumbent on individuals to exercise due precaution so as not to harm their fellow-creatures. If through any negligent act of omission or commission injury is caused to another, then an action for tort, *i.e.*, damage, will lie. Furthermore, an employer, besides being responsible for his own negligent acts, is liable for the wrongful acts of his employees in the course of their employment.

In all claims under Common Law the plaintiff must bring substantive evidence to prove the defendant has, either himself or by proxy, been guilty of negligence. There are instances where negligence cannot definitely be proved, yet, notwithstanding, the plaintiff may be successful in an action. I refer to what is termed *prima facie* negligence, expressed by the Latin maxim, *res ipsa loquitur*.

The following are apt definitions of negligence—

“The absence of care according to circumstances.”

“The neglect of some care which we are bound by law to exercise towards somebody.”

When we remember there is no limit to the compensation recoverable in an action for tort, the necessity for protection by insurance is evident.

Insurances may be effected to cover the Common Law liability arising in connection with the following risks—

- (1) Third Party (Drivers') risks;
- (2) Motor-car risks.
- (3) General Third Party risks (including premises, lifts, cranes and hoists).

THIRD PARTY (DRIVERS') RISKS

THE CONTRACT.—Policies of this kind indemnify the insured against his legal liability to pay compensation for injury to persons, or damage to property of the public, arising from—

- (1) Negligent driving.
- (2) Viciousness of the horses.
- (3) The operation of loading and unloading the vehicle.
- (4) Goods falling off the vehicle whilst in transit.

Further, the insured may, if he desires, have the indemnity extended to include damage to his own vehicles and harness, also *fatal* injury to his horses up to two-thirds their value at the time of the accident. Unless special provisions are made, however, a driving accident policy does not indemnify the holder in respect of claims arising from injury to persons riding on the vehicle, or damage to property conveyed on the vehicle.

The indemnities granted under the policy are usually limited to a definite sum for any one accident, and a maximum sum for the year, the costs incurred in settling or contesting a claim being generally paid in addition to the amount of the indemnity.

PREMIUM.—The underwriter has to consider a variety of circumstances in calculating a premium for this class of risk. He must ascertain the nature of the business carried on by the proposer; whether the vehicles will be used in a town or city, or in the suburbs or villages; the previous claims' experience, the number of drivers to be covered, and the amount of the indemnity desired.

MOTOR-CAR INSURANCE

The motor-car industry owes its development in this country to the passing of the Light Locomotives Act, 1896. Prior to this Act a locomotive could only travel on the public highway at a speed not exceeding four miles an hour, and then only if accompanied by an attendant who had to precede the vehicle with a red flag. To enable the industry to develop it was necessary to do away with such ridiculous restrictions, and this was accomplished by the before-mentioned act. Owing to the enhanced risk of accidents to pedestrians, it was natural at first that a certain amount of prejudice should be manifested towards this mode of travelling, but happily the public soon realised the commercial value of mechanically

propelled vehicles, and as a result the industry has made very rapid strides.

The insurance companies were not slow to realise that in this branch of insurance a great future was before them, but, as in all new ventures, most of those who underwrote the business to any extent at the outset had to pay for their experience very dearly in the shape of a heavy claims ratio.

THE POLICY.—The composite policy issued by most companies offers to the motorist facility for insuring against every possible contingency. Such policies usually cover the following risks :—

- Section (1) Claims made by third parties (*i.e.*, the public) for personal injury and damage to property.
- (2) Accidental damage to the car (with few exceptions).
- (3) Damage to car resulting from fire, explosion and self-ignition.
- (4) Loss by burglary and theft.
- (5) Damage to car in transit.
- (6) Continental risks, *i.e.*, accidents arising from use of car on the continent.

The insurer's liability under the contract is unlimited in respect of the public liability section, and in so far as the other sections are concerned is limited to the value of the car at the time of accident.

There are certain limitations and exceptions under most policies, and it is important to observe what they are—

- (1) Claims in respect of injury to persons riding in the car (the risk of injury to passengers can be covered if specially arranged).
- (2) Damage to the car resulting from wear and tear, road punctures or bursts of tyres ; also mechanical breakdowns (the latter risk can be insured against by special arrangement).
- (3) Loss occasioned wilfully by the insured's servants.
- (4) The first £1 of each claim for loss or theft of lamps and accessories is borne by the insured.

- (5) The Transit risk is restricted under some policies to the British Isles, under others the risk is extended to the Continent.
- (6) When the car is being used on the Continent it is usual for the company to limit its liability in respect of the third party risk.

Companies are quite willing to issue a policy covering the third party liability, either alone or in conjunction with Sections 2, 3, 4, 5 and 6, but Sections 2 to 6 cannot be covered alone.

METHOD OF RATING.—There are two recognised methods of calculating premiums: (1) on the horse-power and the value of the car; (2) on the horse-power alone. The former is the more general and is contended to be the more scientific way of rating a risk, inasmuch as due regard should be paid to the value of the car, seeing a highly valued car costs more to replace or repair than one of lesser value. On the other hand, the experience of some companies goes to prove that the claims ratio is higher on low valued cars for three reasons: (1) either the car has been "written down" owing to age, or is of a cheap make; (2) that the spare parts of an out-of-date car are not so readily obtainable and have to be specially made, and (3) owing to the increased risk of accidents to third parties and to the car itself due to defects in the machinery.

Reduction in the premium is allowed when the car is driven by the owner only, when more than one car is insured, and when no claim arises during the period of insurance.

TRADE RISKS.—Policies issued to cover business vehicles usually include Third Party, Fire and Own Damage risks, but the indemnities are limited. The premiums vary according to the horse-power and the purpose for which the vehicle is used; an additional premium being charged when a trailer is employed.

GENERAL THIRD PARTY RISKS

General third party policies indemnify the insured against claims brought by the public, for accidental personal injury and damage to property (excluding property under the insured's charge or control) caused by the negligence of workmen in his service or by any defect in the ways, works or plant connected with or used in his business.

The risks are generally subdivided for the purpose of insurance into—

Premises risks—*i.e.*, accidents caused to the public on or about a shop or factory.

Builders and Contractors—*i.e.*, risks incidental to building operations.

Lifts, Cranes and Hoists, *i.e.*, accidents caused by the negligence of the attendant, or due to defects in the mechanism.

The premiums vary according to the circumstances of each particular risk, and to the individual experience of the offices.

MISCELLANEOUS INSURANCES¹

GUARANTEE INSURANCE.—The term guarantee insurance is here used to designate in particular those insurances which have to do with the due performance of duties pertaining to positions of trust.

There are three classes of bonds, *i.e.*—

Commercial Bonds, for the guaranteeing of clerks, cashiers, and the like, engaged in commercial undertakings.

Government Bonds, for guaranteeing the fidelity of employees in connection with Government departments.

Legal Bonds, for guaranteeing the fidelity of Administrators, Receivers and Managers, Auctioneers and the like, appointed by the Courts.

Under a Fidelity Guarantee Bond the company undertakes, for a small consideration, to make good to the employer any pecuniary loss which he may sustain by reason of fraud or dishonesty, on the part of his employees in connection with their duties, amounting to embezzlement of money.

The rates vary for these bonds from 2s. 6d. to 40s. per cent.

BURGLARY INSURANCE.—Burglary insurance is divided into two sections, *i.e.*, private house and business.

Policies issued for private house risks cover loss or damage caused by burglary, housebreaking, larceny and theft by servants. The insurance for business premises is, however, restricted to burglary and housebreaking *only*.

Burglary means *forcible* entry into premises, with felonious intent, during the *night*.

Housebreaking means *forcible* entry into premises, with felonious intent, during the day.

Larceny means theft *not* preceded by *forcible* entry.

For private house risks the rate is 2s. per cent., and for business risks it varies from 1s. 6d. to 10s. per cent. Such risks as jewellers, furriers, and cigar merchants are mostly regarded as hazardous, and when insured are rated strictly on their merits.

PLATE-GLASS INSURANCE.—The insurance of fixed glass of all descriptions can be effected against breakage from any cause, except fire.

In view of the varied risks to which shop windows are exposed, it is not surprising to find plate-glass insurance amongst the most popular of the contingency risks.

The policy does *not* cover damage to the surrounding woodwork, nor consequential loss, *i.e.*, loss arising out of the interruption of business due to the breakage.

The premiums are comparatively small, although they vary in accordance with the trade carried on, the position of the premises, and the size of the plate, etc.

EXCESS BAD DEBT INSURANCE.—The excessive credit system in vogue to-day makes for losses from bad debts, and the object of the insurance is to enable a merchant to provide against *abnormal* debts. The insurance does not provide a complete indemnity, the merchant having always to bear a certain percentage of the loss before the policy becomes operative, and such amount is determined by ascertaining the average amount of his yearly losses over a specific number of years previous to his effecting the insurance.

The rate of premium varies very considerably.

QUESTIONS

1. An insurance contract is a contract of indemnity. What does this mean?
2. How would you proceed if you wished to take out a Fire Insurance Policy?
3. Give an explanation of the term "Insurable Interest."
4. What are the chief circumstances that influence the fire rate for a trade risk?

5. Explain what is meant by internal and external hazards.
6. There are three conditions of average in use among British offices. What are they and what is the effect of each ?
7. In the event of a fire taking place on premises covered by insurance, what steps should be taken to recover the amount of the damage ?
8. Define : Premium, Proposal, Policy, Average Clause, and Cover-note.
9. What is understood by Workmen's Compensation Insurance ?
10. Give a short account of the legislation affecting the relationship between master and servant.
11. What important changes were effected by the Workman's Compensation Act of 1906 ?
12. Define as clearly as you possibly can the terms " Workman " and " Accident."
13. If you were insured against your liability under the Workmen's Compensation Act, and an accident occurred to one of your workmen, what course would you adopt ?
14. State what you know about Personal Accident Insurance.
15. What do you understand by Third Party Indemnity Insurance ?
16. Explain the term : " Fidelity Guarantee Insurance."

CHAPTER XVIII

THE STOCK EXCHANGE

THE Stock Exchange, as we know it, appears to have developed from the meeting of men interested in Joint-Stock Companies, at certain coffee-houses round about Change Alley and Cornhill, but there does not appear to be anything more than casual reference in the works of contemporary writers to this factor in the business life of the nation. The first great joint-stock enterprise in this country was the New River Company, carried out in the reign of James I. No great expansion of joint-stock enterprise was, however, witnessed until, in the year 1694, the Bank of England was constituted in the manner described elsewhere in this work. In the year 1698 a public company was formed to take over the old East India Company's monopoly, and the shares were vastly over-subscribed. In 1695 the public National Debt, by which we mean a debt thrown open to public subscription, was commenced in this country, and thus gradually were created certain negotiable securities which could be transferred from one individual to another. It was not, however, until the year 1719, in the reign of George I, that interest in public companies and their shares became widespread. In this year the South Sea Company was formed, as were many similar concerns. There is no need here to deal with the collapse of the South Sea Company. Before this took place, however, the country was in the throes of a stock-gambling mania, and all sorts of companies, some of them the worst type of wild cat schemes, were created, and their shares foisted on to the public. Crowds swarmed round the coffee-houses already referred to, anxious to get rich quickly by the purchase of shares. The collapse of this era of speculation brought dealings in shares into temporary disrepute, but the public rapidly recovered confidence, and the formation of Joint-Stock Companies steadily continued, until the business done by the individuals who made a speciality of purchasing and selling shares in these companies, and whose principal haunts were the coffee-houses already mentioned, became considerable. It is easy to see that in course of time the interests of these dealers would conflict with those of the coffee-house keepers. The latter would welcome the entrance of all and

sundry, provided they were customers, whilst the dealers would prefer the presence only of reputable and solvent people. In course of time, therefore, it would be natural that the dealers in shares would see the desirability of having a meeting place of their own, from which could be excluded undesirable characters, and in this manner, no doubt, arose both Lloyd's and the Stock Exchange.

CONSTITUTION OF THE STOCK EXCHANGE. The Stock Exchange is really a private institution governed by a committee elected by members. The ruling of the Stock Exchange Committee is absolute as regards any of its members, and all questions of management and procedure come from it. The Committee consists of thirty members, who hold office for one year, expiring on the 25th March, when all retire, but are eligible for re-election. We have already stated that the Stock Exchange is a private institution, and as a matter of fact it is run by a company, the shares of which give a good return to the holders. In accordance with a rule made a few years ago, each new member must be a shareholder.

STOCK EXCHANGE RULES.—These are very important, for transgression may lead to the suspension of a member for a certain period, or to his expulsion. The book of rules constitutes quite a formidable publication, and guides the conduct of members in business matters, as well as the committee in the decisions on the numerous points raised as to the conduct of members in their dealings either with one another or with the public.

To give the rules in full is unnecessary, but it is desirable that some of the principal ones should be given in summarised form, particularly those governing the conditions of membership.

COMMITTEE.—The first few rules deal with the election and duties of the committee of thirty members already referred to. No member is eligible for election to this committee unless he has been a member for the five years immediately preceding the day of the election. For purposes of the ballot, each member has one vote only. The decision of the committee is absolutely binding upon members, and it may expel or suspend any member who violates any of the rules or regulations, fails to comply with the committee's decisions, or is, in their opinion, guilty of dishonourable or disgraceful conduct. The committee has power to notify, or cause to be notified, to the public, the expulsion or suspension of any member, or the fact that he has become a defaulter, and "no action or other proceeding

shall under any circumstances be maintainable by the person referred to in such notification against any person publishing or circulating the same, and this rule shall operate as leave to any person to publish and circulate such notification and be pleadable accordingly."

RE-ELECTION, ADMISSIONS, AND RE-ADMISSIONS.—On the first Monday of every March the committee re-elects such members and admits such candidates as it considers eligible to be members for one year, commencing on the 25th of that month. Rule 22 is an important one, as it requires a declaration on the part of each applicant for admission or re-election. It reads as follows—

"Every Member or Applicant for Re-election, Admission, or Re-admission shall declare whether he proposes to act as a Broker, Dealer, or Clerk, or that he is not engaged in active business, and no member shall alter his status from Broker to Dealer or from Dealer to Broker, without first giving one month's notice to the Committee, which notice shall forthwith be posted in the House."

With the exception of those candidates who have completed four years' service as Clerks in the Stock Exchange or the Settling Room, a candidate for admission has to obtain the nomination of a member willing to retire in his favour, or of a former member, or of the legal personal representative of a deceased member. At a special meeting held in December of each year, the committee fixes a certain number of admissions to membership for the year commencing on the 25th March following, open to candidates with two recommenders without nomination, and a Clerk who has completed four years' service as already mentioned, may make application to be placed on what is known as the "Waiting List" of candidates for election without nomination, and as soon as he falls within the number fixed by the committee he is balloted for.

The number of foreigners who are members of the Stock Exchange is very large, the German language being by no means a negligible factor in this institution, and it is interesting to note that Rule 29 reads—

"A Candidate, who has been a Foreign Subject, is ineligible until he has been naturalised for a period of Two years, and a resident in this country for Seven years."

An important Rule is that which prohibits members from being engaged as principal or employee in any business other than that of the Stock Exchange, this prohibition extending also to his wife.

Rule No. 30 reads as follows—

“ A Candidate is ineligible, if he be engaged as Principal or Employee in any business other than that of the Stock Exchange, or if his wife be engaged in business, or if he be a member of or Subscriber to or be a Shareholder or Debenture holder in any other institution, where dealings in Stocks or Shares are carried on; and if, subsequently to his admission, he shall become subject to any one of these objections he shall cease to be a Member, upon Resolution of the Committee to that effect.”

It is doubtful whether this Rule is strictly adhered to, as some members of the Stock Exchange are, for example, directors of and shareholders in Banking firms, which are not only businesses “ other than that of the Stock Exchange ” but are in a measure institutions carrying on dealings in stocks and shares.

A candidate is ineligible if he has been bankrupt or has compounded with his creditors, unless he can prove that he has paid twenty shillings in the pound and obtained a full discharge, and no one is eligible who has more than once been bankrupt or insolvent, or compounded with his creditors. A candidate for admission must be recommended by three members (known as Sureties) who have been members for not less than four years. Such recommenders have to engage themselves to pay £500 to the creditors of the candidate should he be declared a defaulter within four years of the date of his admission. If, however, the candidate has served as a clerk in the Stock Exchange or Settling Room for four years, only two recommenders are required, and their engagement is for £300 instead of £500.

According to Rule 36, the Chairman of the Committee has to ask each recommender the following questions—

- (i.) “ Has the applicant ever been a bankrupt, or has he ever compounded with his creditors? and if so, within what time and what amount of dividend has been paid?
- (ii.) Would you take his cheque for Three thousand pounds in the ordinary way of business?

(iii.) Do you consider he may be safely dealt with in securities for the Account ? ”

and shall put such further questions as may be deemed necessary.

Numerous Rules govern the re-admission of members who have defaulted, and Rule 44 indicates the principles on which defaulters may be re-admitted to membership. It reads—

“The re-admission of Defaulters shall be in one of two Classes—

The First Class to be for cases of failure arising from the default of principals, or from other circumstances where no bad faith or breach of the Rules and Regulations of the Stock Exchange has been practised ; where the operations have been in reasonable proportion to the Defaulter's means or resources, and where his general conduct has been irreproachable.

The Second Class, for cases marked by indiscretion, and by the absence of reasonable caution.”

No defaulter is, however, eligible for re-admission if he has not paid out of his own resources independently of his security money at least one-third of the balance of any loss that may occur on his transactions.

PARTNERSHIPS.—Particulars of partnerships between members have to be furnished to the Secretary of the Stock Exchange. Partnerships with non-members are absolutely prohibited, and a concealed partnership in the guise of a loan from a non-member, on terms that the lender receives a rate of interest varying with the profits is not permitted. The most important provision is that partnerships between brokers and dealers (jobbers) are absolutely prohibited.

STOCK EXCHANGE CLERKS.—Rule 56 reads as follows—

- (1) “ A member may be permitted to introduce Three Clerks to the House, One of whom may be Authorised ; also Two Settling Room Clerks.
- (2) A Firm may be permitted to introduce Five Clerks to the House, Two of whom may be Authorised ; also Four Settling Room Clerks.

- (3) Members may be employed as Unauthorised Clerks in excess of the numbers above allowed ; and Members may be employed as Authorised Clerks in excess of the numbers above allowed, with a limit of One for an individual Member or Two for a Firm."

Before a Clerk is admitted to the Stock Exchange, the member applying must satisfy the committee that the Clerk is over twenty-one years of age in the case of an Authorised Clerk (*i.e.*, authorised to transact business on behalf of his principal), and over seventeen years in the case of an Unauthorised or Settling Room Clerk, that he has obtained a satisfactory reference from the clerk's last employer, and that he has a sufficient knowledge of the Clerk's previous career. An individual cannot become an Authorised Clerk until he has been admitted to the Stock Exchange or Settling Room for two years. An Unauthorised or Settling Room Clerk, unless he happens to be a member of the Stock Exchange working in that capacity, has to wear a distinctive badge in the lapel of his coat. These badges are blue in the case of the Unauthorised Clerks and red in the case of the Settling Room Clerks.

BARGAINS.—Rule 69 is of some importance, and reads as follows —

" The Stock Exchange does not recognise in its dealings any other parties than its own Members ; every bargain, therefore, whether for account of the Member effecting it, or for account of a principal, must be fulfilled according to the Rules, Regulations and usages of the Stock Exchange."

LEGAL PROCEEDINGS.—Another Rule lays down that no member may attempt to enforce by law against another member a claim arising out of a Stock Exchange transaction without the Committee's consent, and in the case of any infraction of this Rule, the Committee has power to intervene and, in the ominous language of the Rule, to " deal " with such cases as the circumstances may require.

In the event of a non-member, that is to say a member of the ordinary public, making any complaint against a member of the Stock Exchange, the Committee in the first place considers whether the complaint is a fit one for them to adjudicate upon ; and if this is decided in the affirmative, the complainant has first to sign an agreement binding himself to abide by the Committee's decision

and not to institute any legal proceedings in respect of the case submitted.

ADVERTISING.—Rule 74 is short, but of great importance, for, as in the case of the medical and legal professions, it absolutely prohibits its members from advertising and from issuing circulars to anyone other than customers. The Rule reads as follows—

“A member of the Stock Exchange is not allowed to advertise for business purposes or to issue Circulars or business communications to persons other than his own Principals.”

Rule 76, which, we are afraid, is more honoured in the breach than in the observance, reads—

“A member shall not transact speculative business directly or indirectly for or with an Official or Clerk in any public or private establishment without the knowledge of his employer.”

The remaining rules go into a number of details regulating the minutiae of business, the administration of the clearing house, etc., but as in their broad lines these are covered by that portion of this work dealing with Stock Exchange operations, it is unnecessary to deal with them more closely.

BROKERS AND JOBBERS.—Members of the Stock Exchange are divided into two classes, namely, brokers and jobbers, and a broker may never be in partnership with a jobber. The broker is in direct touch with the public and acts as agent for his clients; the jobbers are dealers—practically wholesalers—who are not allowed to have direct relations with the public but may only deal with members of the Stock Exchange. It is somewhat difficult for the outsider to grasp fully the functions of the jobber, and as a matter of fact, on most foreign Stock Exchanges this sharp distinction between broker and jobber does not exist. As we have already stated, the jobber is best described as a wholesaler, or wholesale dealer in stocks and shares, but with this difference, that he has to be prepared to quote prices both for buying and selling the same article. There are quoted on the London Stock Exchange several thousands of different stocks and shares, and the ordinary broker who has an order to purchase say one hundred shares in a particular company may spend days wandering around before he happens to light upon another broker who happens to have shares in this particular company to sell. If, however, there are a certain number of individuals who make a speciality of dealing in certain shares and

carrying a certain stock of them, being prepared both to buy and sell reasonable quantities, the broker desirous of either buying or selling shares in any particular company has only to ascertain who is a wholesale dealer, *i.e.*, jobber, in these shares, and can at once ascertain from him the prices at which he is willing to buy and sell respectively. The jobber quotes two prices for each stock or share in which he deals, the lower one being the price at which he is prepared to buy. This accounts for the two prices for each stock and share which are quoted in the daily papers. This difference in the two prices which may be as low as 3d. in the case of a cheap share and as high as £10 per cent. in the case of a loan or debenture, is known as the "jobber's turn." It does not follow that the jobber will adhere strictly to the extremes of the two prices he quotes; it is often possible to deal between, that is to say, to purchase at something less than the top price or to sell at something more than the bottom price, but this depends upon circumstances. We shall meet the jobber again in the concluding portion of this section, dealing with a typical transaction.

The jobber makes his profit on the difference between the price at which he buys and the price at which he sells. If the dealing is all one way, that is to say, if he finds that a large number of brokers are coming to him and buying of him but none is selling to him, so that his stock is gradually getting depleted, he protects himself by raising the price, on the assumption that the higher price will either deter would-be purchasers or will cause a certain number of existing holders to sell at the higher level. The jobber usually aims at "evening up" his book, *i.e.*, replenishing his stock if he has sold, or, if he has bought, selling somewhere else the stock or shares he has taken. Of course, should he find that there are more sellers than buyers in one of his specialities, he protects himself by *lowering* the price in the expectation that this will check would-be sellers from disposing of their holdings for the time being, and inducing fresh purchases on the part of the public by reason of the stock appearing cheaper.

The broker makes his profit by charging a commission to his clients for purchasing or selling as the case may be. The broker, being in touch with the outside public, requires to be acquainted with the merits and demerits of the different securities dealt in, so that he may be able to answer enquiries on the part of his clients;

at the same time he requires to possess a considerable amount of specialised knowledge that will help him to find out the best market in each security. Success on the Stock Exchange is largely a matter of knowledge of this description and personal connections. One jobber may be better than another for dealing in a particular security; sometimes, moreover, a broker may be able to purchase or sell to better advantage by approaching some other of his clients, not a jobber. Most Stock Exchange securities, be they debentures or shares, are brought out at some time or other by what is known as an issuing house—a firm making a speciality of offering loans for public subscription or floating companies—and if a broker number such a house among his clients (and a broker is only supposed to deal with firms or individuals who are actually his clients, and may not approach others) it stands to reason that, other things being equal, he can effect the bargain best by avoiding as many intermediaries as possible. A jobber does not always actually carry a line of a certain stock, and a broker with an order to purchase so many shares who goes on chance to a jobber dealing in similar securities may not do as well as he would have done elsewhere, for the jobber, not making a speciality of dealing in the shares required, may go to another jobber better equipped, of whom he purchases the shares; perhaps neither jobber has any of the shares himself, but one of them knows the broker of “the shop,” *i.e.*, the issuing house where he can obtain a parcel of the shares. In this case jobber No. 2 telephones the broker referred to and buys the required parcel of shares, sells them to jobber No. 1 at a profit, who in turn sells them to the broker at a profit, who invoices them to his client at this last price, plus his own brokerage.

OUTSIDE BROKERS.—As has already been stated, no member of the London Stock Exchange is permitted to advertise. The Secretary of the Stock Exchange supplies a list of members to all enquirers, but as this does not particularise those brokers who are prepared to carry out small orders, it does not assist the small investor much. There are in existence, however, many firms which advertise freely. Some of these do a perfectly *bonâ fide* business, and buy and sell large quantities of stocks and shares on the Stock Exchange itself through their agents there; not being members of that institution, they are, of course, not bound by its rules.

BUCKET SHOPS.—Some outside brokers carry on a purely gambling business, and these are termed "bucket shops." Their *modus operandi* usually consists of inducing unwary investors and speculators to deposit a certain sum as "cover" for a speculation which they recommended.

BROKERS' CHARGES.—Almost every Stock Exchange in the world has its fixed scale of minimum charges and commissions, and the London Stock Exchange in 1912 fixed the following scale of commissions :—

OFFICIAL SCALE OF COMMISSIONS.

British Government Securities; Indian Government Stocks;		
Foreign Government Bonds .. .. .	.. .. .	$\frac{1}{8}\%$ on Stock.
Foreign Railway and other Bonds to bearer; Colonial Government Securities; County, Corporation and Provincial Securities (British, Indian, Colonial, or Foreign) ..		$\frac{1}{4}\%$ on Stock.
Bank of England and Bank of Ireland Stock .. ..	.. ..	$\frac{1}{4}\%$ on Money.
Short-dated Securities (having five years or less to run) ..		At discretion.
Registered Stocks (other than Railway Ordinary and Deferred Ordinary Stocks)		$\frac{1}{2}\%$ on Money.
Railway Ordinary and Deferred Ordinary Stocks—		
Price £50 or under .. .. .	.. .. .	$\frac{1}{8}\%$ on Stock.
Over £50 to £100 .. .. .	.. .. .	$\frac{1}{4}\%$ "
" £100 .. .. .	.. .. .	$\frac{1}{2}\%$ "

SHARES TRANSFERABLE BY DEED.

Price	5	0	or under	..	..	..	..	At discretion.
								s. d.
Over	5	0	to	10	0	..	..	$1\frac{1}{2}$ per Share
"	10	0	to	£1	0	0	..	3 "
"	£1	0	0	to	£2	0	0	$4\frac{1}{2}$ "
"	£2	0	0	to	£3	0	0	6 "
"	£3	0	0	to	£4	0	0	$7\frac{1}{2}$ "
"	£4	0	0	to	£5	0	0	9 "
"	£5	0	0	to	£7	10	0	1 0 "
"	£7	10	0	to	£10	0	0	1 3 "
"	£10	0	0	to	£15	0	0	1 6 "
"	£15	0	0	to	£20	0	0	2 0 "
"	£20	0	0	to	£25	0	0	2 6 "
"	£25	0	0	..	..	..	..	$\frac{1}{2}\%$ on Money.

AMERICAN SHARES OF \$50 OR \$100 DENOMINATION.

Price	\$25	or under	..	..	..	..	..	s. d.
								6 per Share.
Over	\$25	to \$50	..	..	..	..	..	9 "
"	\$50	to \$100	..	..	..	..	..	1 0 "
"	\$100	to \$150	..	..	..	..	..	1 6 "
"	\$150	..	..	..	..	..	..	2 0 "

ALL OTHER SHARES PASSING BY DELIVERY.

Price	5	0	or under	..	..	..	..	At discretion.
								s. d.
Over	5	0	to	£1	0	0	..	$1\frac{1}{2}$ per Share
"	£1	0	0	to	£2	10	0	3 "
"	£2	10	0	to	£5	0	0	6 "
"	£5	0	0	to	£15	0	0	1 0 "
"	£15	0	0	to	£25	0	0	1 3 "
"	£25	0	0	..	..	..	..	$\frac{1}{4}\%$ on Money.

The same commission is charged for buying or selling, but when a stock is both bought and sold within the same Stock Exchange account, or when one stock is sold and the proceeds at once invested in another stock, the order for sale and purchase being given at the same time, most brokers charge one commission only.

STAMP DUTIES.—With the exception of a few Corporation Stocks, on which by special arrangement stamp duty is not levied, all deeds transferring stocks and shares have to be impressed with the *ad valorem* stamp duty of $\frac{1}{2}$ per cent. (10s. per £100). Only certain fractions are allowed, and the following is the scale of this duty—

Consideration not exceeding					Amount.		
£					£	s.	d.
5	..	..	..	..			6
10	..	..	..	..		1	0
15	..	..	..	..		1	6
20	..	..	..	..		2	0
25	..	..	..	..		2	6
50	..	..	..	..		5	0
75	..	..	..	..		7	6
100	..	..	..	..		10	0
125	..	..	..	..		12	6
150	..	..	..	..		15	0
175	..	..	..	..		17	6
200	..	..	..	..	1	0	0
225	..	..	..	..	1	2	6
250	..	..	..	..	1	5	0
275	..	..	..	..	1	7	6
300	..	..	..	..	1	10	0

For every additional £50 of consideration, or part thereof, the stamp duty is 5s.

MARKETS.—In the Stock Exchange, as in other spheres, the term “market” has more than one signification. First of all, it means that portion of the Stock Exchange building which is frequented by a body of jobbers dealing in a particular group of securities.

The number of stocks and shares dealt in in the Stock Exchange is so great that some division of this sort is absolutely necessary to the conduct of business. Consequently, different portions of the floor of the Stock Exchange are given over to groups of jobbers specialising in certain securities. Thus the Consol Market may indicate that portion of the Stock Exchange in which the jobbers who deal in British Government Loans, Indian Loans, and Colonial

Loans, as well as in Municipal issues, congregate. The Yankee Market or the American Market is that section of the Stock Exchange, the habitués of which deal in American Railroads and similar stocks and bonds. Then there are the various Railway Markets, for these markets may be subdivided, one section of the floor being frequented by dealers say in Great Eastern Railway stocks, another portion by dealers in stocks of the London Brighton and South Coast Railway, the South Eastern and Chatham, and one or two other companies, and so on. Moreover, there may be one market for ordinary stocks and another market for preferred stocks or debentures. The Kaffir Market is devoted to dealers in Transvaal mining shares, the Miscellaneous Market to industrial securities, and so on.

In addition to this geographical signification, the term market may be used to cover the jobbers themselves dealing in a particular class of security. Thus one might say that the Yankee Market was short of stock, which means that the jobbers dealing in Yankees had sold more securities than they possessed.

Or again, the term market may be used in the narrow sense of indicating the individual jobber or the firm acting for the issuing house and making a speciality of a certain security. Thus one might say that Smith and Jones are the market in Van den Berghs shares.

DIFFERENT MARKETS.—We shall get a better idea of the various markets of the Stock Exchange if we glance at a specimen list of prices of each section. The full lists would be too long to be reproduced in their entirety, but by giving a portion of each, a sufficient idea will be gained of the class of stock or share dealt in, but it should be noted that the prices are pre-war prices. We will follow the same order as the official list of prices published daily by the London Stock Exchange, which order is usually followed by the daily papers, although for considerations of space the latter only give the prices of those securities in which dealings are sufficiently frequent to be of public interest, or for which payment is made. Except where otherwise indicated, prices are per cent., *i.e.*, $79\frac{3}{4}$ against Consols means that £100 of Consols can be purchased for £79 15s. The second figure, or fraction, represents the jobber's selling price (the first being his buying price); to save space, the units are not repeated. Thus $79\frac{5}{8} \frac{3}{4}$ represents $79\frac{5}{8} - 79\frac{3}{4}$.

First come

BRITISH AND COLONIAL GOVERNMENT SECURITIES

GOVERNMENT STOCKS

Consols, 2½ Money	79½	3¼
" July A/c	79½	3¼
Transvaal 3 per cent. Guar. ..	93¼	3¼
Local Loans	92¼	3¼
Irish Land 2¼ per cent.	80	1½
India 3 per cent.	80¼	3¼
" 3½ per cent.	93¼	3¼
" Rupee 3½ per cent.	64¼	1½
Lond. County 3 per cent.	84	1½
Bank Stock	251	4

COLONIAL STOCKS

Canadian 3 per Cent.	91¼	2¼
Cape 3½ per cent. Consolidated ..	99	1½
Natal 3½ per cent.	98¼	9¼
New South Wales 3½ per cent. 1924 ..	98¼	9
" " 3 per Cent.	87¼	¾
New Zealand 4 per Cent.	103¼	4
" " 3 per Cent.	26	1½
Queensland 3½ per Cent. 1924-3 ..	96¼	3¼
" 3 per Cent.	84¼	¾

These are mostly Government loans, and are usually comprehended in the terms "gilt-edged," the security being naturally of the best. The holder of a portion of a Government loan is in the position of a creditor, his security being the good faith of the Government in question and its ability to pay the interest, and, where a loan is repayable at some time or other, to redeem it.

BRITISH MUNICIPAL STOCKS

Metropolitan Consolidated Stock (3½%) ..	99½	100½
" " 3% Stock	88	89
" " 2½% Stock	78	79
London County, 2½% Con. Stock (Red. in or aft.) ..	70	72
" 3% " (Red. in or aft.) ..	84	85
" " for Account, 2nd Aug.	84	85
Corporation of London, 3½% Debts., Sep., all pd. ..	99	101
" 2½% Debenture Stock	75	77
" 3% "	87	89

These are the loans of County and City authorities in the United Kingdom.

Interest is usually paid half-yearly, or in some cases quarterly.

FOREIGN GOVERNMENT SECURITIES

FOREIGN STOCKS

Argentine 4 per Cent. Rescission	93 $\frac{7}{8}$	41
" 4 per Cent. 1900 ..	88 $\frac{1}{4}$	38
" 5 per Cent. 1886 ..	104 $\frac{1}{4}$	44
" Waterworks ..	104 $\frac{1}{4}$	44
Buenos Ayres 3-3 $\frac{1}{2}$ per cent. ..	72 $\frac{3}{8}$	38
Anacondas	8 $\frac{3}{4}$	7
Brazil 4 per Cent. ..	87 $\frac{3}{8}$	46
" 5 per Cent. Funding ..	104 $\frac{1}{4}$	44
" 4 per Cent. Rescission ..	87 $\frac{7}{8}$	8

These are the loans of various foreign Governments. Sometimes the bonds of railways, banks, and other institutions are included, but this is because they are guaranteed by the Government of the country, otherwise they would appear in another section of the list devoted to that particular class of security. As a country often issues a number of different loans varying as to interest, terms of repayment, etc., it is found desirable to distinguish them by indicating the date of issue or some special title. If a loan is termed a "sterling loan" it means that the interest and capital are payable in English Currency. Where the currency of a country is silver, the word "gold" against the name of a loan means that capital and interest are payable in that metal. So many special conditions attach to different loans that it is impossible to indicate all of them in the price list, and to ascertain what they are—and this applies practically to every Stock Exchange security—and people dealing in them turn up one or other of the various books of reference, such as the *Stock Exchange Official Intelligence* or the *Stock Exchange Year Book*, and read in detail the full description of the security.

COLONIAL AND FOREIGN CORPORATION STOCKS. The following is a portion of the list dealing with these—

Baku City 5 p.c.	97 $\frac{1}{4}$	97 $\frac{3}{4}$
Bloemfontein 4 p.c.	96	97
Budapest 4 p.c.	90 $\frac{3}{4}$	91 $\frac{1}{4}$
B. Ayres City 4 $\frac{1}{2}$	95	97
Cape Town 4 p.c.	99	101
Durban 4 p.c., 1951	99	101
Johannesburg 4 p.c.	99	100
Kroonstad 4 $\frac{1}{2}$ p.c.	101	103
Melbourne 4 p.c.	99	101
Mexico City 5 p.c.	99 $\frac{1}{2}$	100 $\frac{1}{2}$
Moscow City 5 p.c.	103	104
New York 4 $\frac{1}{2}$ p.c.	112	115
Osaka City 5 p.c.	101	101 $\frac{1}{2}$

They are of much the same nature as British Municipal stocks, but most of them are issued in the shape of bearer bonds.

BRITISH RAILWAYS.—This is one of the most important markets, which is not surprising when one bears in mind that the total amount of capital represented by the British railways is nearly double that of the entire National Debt. The debenture, the guaranteed and preference and the ordinary stocks of the British Railway Companies reach the enormous total of £1,300,000,000.

HOME RAILS

Caledonian Preferred	63	$\frac{1}{2}$
„ Deferred	$25\frac{3}{8}$	$\frac{5}{8}$
City and S. London	31	2
Central London	71	3
Furness	47	9
Glasgow and S.-W. Def.	$42\frac{3}{4}$	$3\frac{1}{4}$
Great Central '94 Pref.	71	4
„ „ „ B „	$34\frac{1}{4}$	$\frac{3}{4}$
„ „ „ A „	$16\frac{1}{8}$	$\frac{3}{8}$
Great Eastern	$72\frac{3}{4}$	$3\frac{1}{4}$
Great Northern Pref.	$95\frac{3}{4}$	$6\frac{1}{4}$
„ „ Def.	$53\frac{3}{8}$	$\frac{5}{8}$
Great Western	129	$\frac{1}{2}$
Hull and Barnsley	$69\frac{1}{2}$	70
Lancashire and Yorkshire	99	100
London and Brighton „ A „	$106\frac{3}{4}$	$7\frac{1}{4}$
Lon. Chat. and Dover	$17\frac{1}{16}$	$\frac{1}{16}$
„ „ $4\frac{1}{2}$ per Cent. Pref.	$91\frac{1}{2}$	$2\frac{1}{2}$
London and N.-Western	145	$\frac{1}{2}$
London and S.-Western Deferred	$49\frac{1}{4}$	$\frac{3}{4}$
Metropolitan District	$29\frac{1}{4}$	$\frac{3}{4}$
Midland $2\frac{1}{2}$ per Cent. Pref.	$62\frac{3}{4}$	$3\frac{1}{4}$

In order of rank the debentures, of course, come first, then guaranteed stock, then preference stock, then ordinary, then deferred. In the case of railways, preference stock is almost always non-cumulative, that is to say, the amount of the dividend which forms part of the description of the stock is the maximum amount, and is paid only provided it is earned during the half-year. If the company does not earn sufficient to pay it in full, holders have no claim for arrears. In the case of guaranteed stock, however, this preference is cumulative, and should it not receive the full dividend in one half-year it is entitled to receive arrears out of future earnings. In the case of British Railways, deferred stock has a further subdivision, the ordinary stock, at some time or other, having been split into two parts, one taking priority over the other in the

matter of dividend. We do not believe that anything of lower rank than deferred stock has yet been discovered. Some of the ordinary or deferred stocks, it will be noticed, are quoted at very low prices. This is because the dividend thereon is very small, or in some cases is non-existent, and is so remote as to be hardly within the bounds of possibility.

COLONIAL AND FOREIGN RAILS

Canadian Pacific	248 $\frac{3}{4}$	9 $\frac{1}{4}$
Grand Trunks	28 $\frac{7}{8}$	9
" 4 per Cent. Guaranteed ..	94 $\frac{1}{2}$	5
" 5 per Cent. 1st Pref. ..	110 $\frac{1}{4}$	$\frac{3}{4}$
Mexican Railway	50 $\frac{1}{4}$	$\frac{1}{2}$
" 8 per Cent. 1st Pref. ..	137	8
Interoceanic or Mexico 5 per Cent. 1st Pref.	86 $\frac{1}{2}$	7 $\frac{1}{2}$

The most important stocks in this division are the issues of the Canadian Pacific Railway and the Grand Trunk Railway of Canada, known on the Stock Exchange as Canpacs and Trunks respectively. Some of these quotations are dollars and not pounds, and a special note on this point will be found in our remarks following the list of American railroad stocks.

AMERICAN RAILS

Atchison	117 $\frac{1}{2}$	18 $\frac{1}{4}$
" 5 per Cent. Preference ..	108 $\frac{1}{4}$	$\frac{3}{4}$
" 4 per Cent. Adjustment ..	95	7
Amalgamated Copper	72 $\frac{3}{4}$	3
Baltimore and Ohio	111 $\frac{3}{4}$	12 $\frac{1}{4}$
" 4 per Cent. Preference ..	91 $\frac{3}{4}$	2 $\frac{1}{4}$
Chesapeake and Ohio	86 $\frac{1}{2}$	7
Chicago Great Western	24 $\frac{1}{4}$	$\frac{3}{4}$
" Milwaukee	131 $\frac{3}{4}$	2 $\frac{1}{4}$
Denver and Rio Grande	29 $\frac{3}{8}$	$\frac{5}{8}$
" 5 per Cent. Preference ..	59 $\frac{1}{2}$	60

This is also a most important class of security dealt in on the Stock Exchange. In some lists there are separate sections for bonds and shares, and it might here be mentioned that in America one speaks generally of bonds instead of debentures, and of preferred stock and common stock instead of preference shares or ordinary shares. A small section of the Stock Exchange list deals with "sterling" bonds of American railroads, but most of them are in American currency. The prices shown in the list indicate the price in dollars that has to be paid per hundred dollars of stock or bonds

as the case may be, except in those cases where another denomination, *e.g.*, fifty dollars, is shown in brackets, where the price indicates the number of dollars that has to be paid for the denomination named.

In connection with American and Canadian securities quoted in dollars there is a complication that should be specially noted. The actual value of the American and Canadian dollar is slightly less than 4s. 2d., but to take the dollar at its true value would result in awkward sums, a thing the Stock Exchange hates; so it is the custom on the Stock Exchange to count the dollar as five to the pound, *i.e.*, 4s., so that in buying and selling according to the London quotations the investor, to arrive at the amount he has to pay or receive in pounds, has simply to divide the total by five, and as this holds good both of buying and selling he incurs no loss by reason of this conventional value of the dollar deviating somewhat from its actual value. When, however, the same security is quoted in two different countries, the price in one country does, of course, influence the price in another country, and the quotations of American securities in the United Kingdom are in a great measure regulated by the prices of the same securities in New York.

As a result the New York and other American Stock Exchange prices are cabled over daily, and as New York time is about five hours behind ours, the prices at the end of the American business day reach London during the night, that is to say, some hours after the London Stock Exchange is closed, and appear in the morning papers at the same time as the London closing prices of some hours earlier. The holder of or speculator in American securities, therefore, at his breakfast table compares the London closing price of say the common stock of the Erie Railroad as cabled over from New York with the price at which the same stock closed in London some five or six hours earlier, and in order that this comparison may be rendered easy, the English daily papers usually put at the left-hand side of the New York prices two columns headed "English closing" and "English equivalent" (sometimes termed "London parity"). The figure given under the heading of "English closing" is the last price of the security on the London Stock Exchange as quoted elsewhere in the paper under the London Stock Exchange prices, but the figure given in the column headed "English equivalent"

is the closing price in New York expressed in dollars of 4s., thus enabling an exact comparison to be made between the closing London and New York prices.

We reproduce a portion of one of these cabled lists of New York prices as they appear daily in the newspapers.

NEW YORK PRICES

Eng. Closing.	Eng. Eqv.	Stocks.	Closing Bid.
—	103 $\frac{1}{8}$	U.S. 2 per Cent.	100 $\frac{1}{4}$
117 $\frac{1}{2}$	117 $\frac{1}{4}$	U.S. 4 per Cent. Gold	114
—	111 $\frac{1}{16}$	N.Y. City 4 $\frac{1}{2}$ p.c. B	108 $\frac{3}{4}$
117 $\frac{3}{4}$	117 $\frac{3}{8}$	Atchison	114 $\frac{1}{8}$
117	117 $\frac{3}{8}$	„ 4 p.c. Convrt. B	114 $\frac{1}{8}$
104	101 $\frac{1}{16}$	„ New General ..	99
108 $\frac{1}{2}$	108	„ Pref.	105
—	132 $\frac{5}{8}$	Atlantic Coast Line	129
112	111 $\frac{1}{16}$	Balt. and Ohio ..	108 $\frac{1}{4}$
92	91 $\frac{1}{2}$	„ „ Pref.	89
248 $\frac{5}{8}$	284 $\frac{1}{16}$	Canadian Pacific ..	241 $\frac{1}{2}$
—	287 $\frac{1}{16}$	Cent. N. Jersey ..	280
86 $\frac{3}{4}$	86 $\frac{3}{8}$	Chesp'k., Ohio ..	84

INDUSTRIALS.—This is probably the most important section of the Stock Exchange and of the Stock Exchange list, and in some of the financial and other papers it is subdivided into sections as will be shown from the following specimen sheets—

GENERAL

Anglo-Russian Trust (£1) ..	20/-	21/-
Apollinaris (£10)	6 $\frac{1}{8}$	$\frac{3}{8}$
Associated Cements (£10) ..	6 $\frac{1}{4}$	$\frac{7}{8}$
„ 5 $\frac{1}{2}$ per Cent. Pref. (£10)	8 $\frac{1}{16}$	$\frac{7}{16}$
„ 4 $\frac{1}{4}$ per Cent. Debs. ..	93	4
Baker (A.) and Co. (£1) ..	12/-	13/-
Bell's Asbestos (£1)	1 $\frac{1}{2}$	$\frac{5}{8}$
Boots' Drug "A" 7 per Cent. Pref. Ord. (£1)	1 $\frac{3}{8}$	$\frac{1}{2}$ x
Borax Consolidated Pfd. (£5) ..	5 $\frac{1}{16}$	6 $\frac{1}{16}$
„ „ Def. (£1)	1 $\frac{7}{16}$	2 $\frac{1}{16}$
„ 5 $\frac{1}{2}$ per Cent. Pref. (£10) ..	12 $\frac{1}{4}$	$\frac{1}{2}$
Bovril (£1)	21/6	22/-
„ Def. (£1)	5/9	6/3
„ 5 $\frac{1}{2}$ per Cent. (£1)	1	$\frac{1}{8}$

BREWERIES

Allsopp Ord. (£100)	..	..	3	5
" 6 per Cent. Pref. (£100)	..	..	4	7
Barclay Perkins Pref. (£10)	..	..	3 $\frac{5}{8}$	7 $\frac{7}{8}$
" " 3 $\frac{1}{2}$ per Cent. Deb.	..	..	66	9
Bartholomay 8 per Cent. Pref. (£10)	..	..	5 $\frac{1}{8}$	3 $\frac{3}{8}$
Bass Ratcliffe Pref. (£100)	..	..	94	6
" " 4 $\frac{1}{2}$ per Cent. Deb.	..	..	100	2
Bieckert's Ord. (£100)	..	..	123	8

MOTORS AND CYCLES

Belsize (£1)	..	..	25/6	26/6
Birmingham Small Arms (£1)	..	..	49/6	50/6
Darracq (£1)	..	..	19/6	20/6
" Pref. Ord. (£1)	..	..	18/6	19/6
Dunlop (£1)	..	..	1	1 $\frac{1}{8}$
" Def. (£1)	..	..	21/-	22/-
Gen. Motor Car Pref. Ord. (£4)	..	..	2 $\frac{1}{8}$	3 $\frac{3}{8}$
Humber (£1)	..	..	7/-	7/6
" Pref. (£1)	..	..	9/9	10/3
Rolls-Royce (£1)	..	..	1 $\frac{1}{2}$	2

IRON, STEEL, COAL AND ENGINEERING

Armstrong (£1)	..	..	44/3	45/3
Babcock and Wilcox (£1)	..	..	5 $\frac{1}{8}$	5 $\frac{1}{8}$
Bell Bros. 6 per Cent. Pref. (£10)	..	..	12	12 $\frac{1}{2}$
Bolckow Vaughan (£1)	..	..	19/6	20/6
British Westinghouse Pref. (£3)	..	..	7/-	9/-
Brown (John) & Co. (£1)	..	..	1 $\frac{9}{16}$	1 $\frac{1}{8}$
Cammell Laird (£5)	..	..	4 $\frac{1}{4}$	7 $\frac{1}{8}$

NEWSPAPERS AND PRINTING

Amalgamated Press (£1)	..	..	5 $\frac{1}{8}$	5 $\frac{1}{8}$
" " Pref. (£1)	..	..	21/6	22/6
Assoc. News 5 per Cent. Pref. (£1)	..	..	20/6	21/-
" " 7 per Cent. Ord. (£1)	..	..	23/3	23/9

NITRATES

Aguas Blancas (£1)	..	..	35/-	36/-
Alianza (£5)	..	..	12 $\frac{1}{8}$	12 $\frac{1}{8}$ x
Anglo-Chilian 7 per Cent. Pref. (£5)	..	..	14	14 $\frac{1}{2}$
Colorado (£5)	..	..	6 $\frac{3}{8}$	6 $\frac{3}{8}$
Lagunas (£5)	..	..	2 $\frac{7}{10}$	2 $\frac{7}{10}$

SHIPPING

Cunard, fully paid (£20)	..	..	15 $\frac{1}{2}$	16
Elder Line 4 $\frac{1}{2}$ per Cent. Debs.	..	..	100	2
Ellerman Lines (£10)	..	..	9	1 $\frac{1}{2}$
" " 4 $\frac{1}{2}$ per Cent. Pref. (£10)	..	..	8 $\frac{1}{2}$	9
" 4 $\frac{1}{2}$ per Cent. Pref. (£10)	..	..	8 $\frac{1}{2}$	9

TELEGRAPHS AND TELEPHONES

Anglo-American (£100)	68 $\frac{1}{2}$	9 $\frac{1}{2}$
„ Def. (£100)	26 $\frac{5}{8}$	$\frac{7}{8}$
„ 6 per Cent. Pref. (£100) ..	113 $\frac{1}{2}$	14 $\frac{1}{2}$
Commercial Cable 4 per Cent. Debs.	89	90
Cuba Submarine (£10)	10	$\frac{3}{4}$
Direct Spanish (£5)	3 $\frac{3}{4}$	4
Direct United States (£10) ..	7 $\frac{5}{8}$	$\frac{7}{8}$

MINES.—During the last two decades this market has become so important that many papers devote a special section to it. This section is usually split up into various divisions, *e.g.*, Transvaal Mines, Rhodesian Mines, Australian Mines, West African Mines, and Miscellaneous. In the case of Transvaal Mines (familiarly known as “Kaffirs”) there is often a further subdivision, a certain number of shares being grouped under a heading of deep levels; this is to distinguish the deeper mines from those known as the out-crop mines or those in which the reef is worked near the surface. West African Mines are frequently referred to as “Jungles,” and the silver, lead, and zinc mines in the famous Broken Hill district of New South Wales are often referred to as “Barriers” or the “Barrier” group of mines. Under the heading of miscellaneous come a number of copper, tin, and other mines in different parts of the world. We subjoin sections of the lists referred to—

CLOSING MINING PRICES

SOUTH AFRICAN

Cloverfield .. — ..	4/3	4/9
Consolidated Langlaagte ..	$\frac{3}{4}$	$\frac{7}{8}$
„ Main Reef (new) ..	$\frac{3}{4}$	1 $\frac{1}{8}$
„ Mines Selection ..	10/-	11/-
Crown Mines, 10/- shares ..	7 $\frac{7}{8}$	8
Daggafontein Gold ..	$\frac{3}{8}$	$\frac{7}{16}$
„ Prospecting ..	$\frac{3}{4}$	1

DEEP LEVEL (RAND)

Durban Deep	1 $\frac{3}{8}$	1 $\frac{1}{2}$
Ferreira Deep	4	4 $\frac{1}{2}$
Geldenhuis Deep	3 $\frac{1}{4}$	3 $\frac{5}{16}$
Jupiter	$\frac{5}{8}$	$\frac{11}{16}$
Knight Central	$\frac{3}{4}$	1 $\frac{1}{8}$
Knights Deep	2 $\frac{7}{8}$	3
Main Reef West	1 $\frac{7}{8}$	2
Midas Deep	1/-	2/-

WEST AFRICANS

Abbontiakoon 10/- shares ..	6/9	7/3
Abosso Gold Mining ..	1 $\frac{3}{8}$	1 $\frac{1}{8}$
African Mines, 5/- shares ..	/6	1/6
Ancobra Expl. and Dr'dg. 2/s ..	/9	1/3
Anfargah (10/- shares) ..	1 $\frac{1}{6}$	1 $\frac{5}{16}$
Ashanti and G.C. United, 10/s ..	1 $\frac{1}{6}$	1 $\frac{1}{6}$

RHODESIAN

Chartered B.S. Africa	31/6	32/-
Do. Option (1912)	14/6	15/-
Charterland and Gen., 5/- shares ..	4/6	5/-
Chicago-Gaika Develpt.	12/6	13/6
Connaught M. Syn., 10/- shares ..	14/-	15/-

WEST AUSTRALIAN

Anglo-Australian Expl.	5 $\frac{5}{8}$	3 $\frac{3}{4}$
Associated Gold Mines	8/3	8/9
„ Northern Blocks	4/9	5/3
Australian Midas (Victoria), 5/- shares	10/6	11/6
Bull Ant. Prop.	1 $\frac{1}{8}$	1 $\frac{5}{8}$
Bullfinch Prop. (W.A.)	3 $\frac{3}{4}$	7 $\frac{7}{8}$

RUSSIAN

Anglo-Siberian	1 $\frac{1}{8}$	1 $\frac{1}{8}$
Atbasar Copper	1 $\frac{1}{8}$	1 $\frac{1}{8}$
Kyshtim Corporation	1 $\frac{1}{8}$	2 $\frac{1}{8}$
Lena Goldfields	5 $\frac{5}{8}$	5 $\frac{7}{8}$
Orsk Priority, 13/6 pd.	1 $\frac{1}{6}$ dis	1 $\frac{1}{6}$ pm

AMERICAN

Alaska Mexican	2 $\frac{7}{8}$	3 $\frac{1}{8}$
„ Treadwell £5 shares	8	8 $\frac{1}{8}$
„ United	3 $\frac{1}{4}$	3 $\frac{3}{8}$
Aporama Goldfields	1 $\frac{1}{4}$	1 $\frac{1}{8}$ dis.
Barranca (Mexico)	1 $\frac{1}{4}$	1 $\frac{1}{8}$
Brazilian Goldfields	10/3	10/9
Butters (Salvador)	2 $\frac{7}{8}$	2 $\frac{1}{8}$
Camp Bird	31/-	32/-
„ 6 per Cent. Debentures ..	107/-	109/-
„ Options	3/6	4/6

MISCELLANEOUS

Balaghat	3/-	4/-
Blackwater	1 $\frac{1}{8}$	1 $\frac{1}{8}$
Brilliant, £2 shares	5/6	6/6
„ St. George, 10/- shares ..	/6	1/-
Champion Reef, 2/6 shares ..	8/-	8/6
Colombia Mining and Explor. ..	3 $\frac{3}{8}$	3 $\frac{5}{8}$
Con. G. F. New Zealand	1 $\frac{5}{16}$	1 $\frac{1}{6}$
Gen. Mines Investment	1	1 $\frac{1}{4}$

RUBBER SHARES.—How suddenly a change in fashion, a scarcity or pronounced demand for a commodity may bring into existence or into special prominence quite a new group of securities is shown by the market in rubber shares. Up to the year 1910 only half a dozen or less of rubber planting companies were included in the miscellaneous list of prices. With the advent of the rubber boom all the financial papers and the ordinary daily papers also found it necessary to devote a special section to the prices of shares in companies formed for the purpose of producing rubber, and made familiar to the public, it may be mentioned in passing, a greater number of outlandish names than any previous movement of this kind, in this direction going far beyond the famous Kaffir boom of 1895.

MALAY AND SUMATRA COMPANIES

Allagar (2/-)	.. ..	4/-	4/6
Alor Pongsu (£1), 15/- pd.	.. ..	$\frac{2}{3}$	$\frac{7}{8}$ pm
Anglo-Johore (£1)	.. ..	$\frac{7}{8}$	$\frac{4}{5}$
Anglo-Malay (2/-)	.. ..	17/3	17/9
Asahan (£1)	.. ..	$\frac{5}{6}$	$\frac{7}{8}$
Banteng ..	.. ..	$\frac{1}{2}$	$2\frac{1}{8}$
Batu Caves (£1)	.. ..	12 $\frac{3}{4}$	13 $\frac{1}{4}$
„ Tiga (£1)	.. ..	3 $\frac{3}{4}$	4
Bikam (2/-)	.. ..	4/-	5/-
Brieh (£1)	.. ..	1 $\frac{1}{4}$	$\frac{3}{8}$
Brooklands (Selangor) (2/-) 1/6 pd.	.. ..	/9	1/ pm

SPECIMEN TRANSACTIONS.—We shall probably get a better idea of the various Stock Exchange operations if we follow from beginning to end one or two transactions. We will suppose that Mr. John Smith, residing at the Cedars, Wimbledon Park, is a wealthy man who buys investment securities largely for investment, but at the same time dabbles in stocks for purposes of speculation also. As we shall see later, buying and selling for purposes of speculation may be a very different thing from buying for investment; we will commence, however, with the simplest form of operation, namely—

PURCHASE FOR INVESTMENT.—Mr. Smith having a sum of £1,000 available wishes to invest it in some security which will give him as high a yield as possible consistent with safety, and yet one which he may be able to sell at short notice should he desire to raise the money. As the result of consultation with his broker, or of his own choice, he decides upon the purchase of £1,000 worth of Argentine 4 per cent 1900 Loan, which the daily paper informs him is

quoted at $88\frac{5}{8}-\frac{7}{8}$. He accordingly writes a letter to his stockbroker requesting him to purchase for him £1,100 worth of this stock "at best," by which he means at the best price possible from Smith's point of view. Although desirous of investing the sum of about £1,000 he instructs his broker to purchase £1,100 because the price being between £88 and £89 per £100 of stock, if he were to order £1,000 worth nominal of the stock he would be investing only the sum of £890. The broker, or his authorised clerk, on receipt of the order, goes into the "House," as the Stock Exchange is familiarly termed, makes his way to the Foreign Market, seeks out one of the jobbers dealing in Argentine loans, and purchases £1,100 of this particular loan at say $88\frac{1}{6}$. He, the broker, thereupon sends his client a contract note worded much in the following fashion—

WHITEWAY & TOMPKINS.

15 Threadneedle Street, and
The Stock Exchange,
London, E.C.

17th November, 19..

To JOHN SMITH, ESQ., The Cedars, Wimbledon Park.

We have this day BOUGHT as per your order subject to the Rules, Regulations and Customs of the London Stock Exchange

£1,100 Argentine 4% 1900 Loan at $88\frac{1}{6}$	£976 18 9
Brokerage	2 15 0
Contract Stamp	2 0

Total	£979 15 9
-------	-----------

For payment on 29th November, 19..

E. and O. E.

WHITEWAY & TOMPKINS,

Members of the London Stock Exchange.

The contract mentions the date on which the stock has to be paid for, this being the settlement or account day following the purchase. There are two settlements each month, one about the middle of the month and the other at the end of the month, and on these days are settled the different transactions that have taken place since the preceding settlement, the intervening period being known as the "account."

About a day before the money became due Mr. Smith would receive a statement showing the different transactions that had been effected for him for that account and the balance due to or from him as the case might be. In this particular case we will assume that the purchase of Argentine loan was the only transaction effected for Mr. Smith, and on the due date he would hand his broker a cheque for £979 15s. 9d. and would receive either on that day or within the next few days the bonds he had purchased, or, what is more likely, he would give his bank instructions to pay for and to take delivery of the bonds from the stockbroker.

BONDS AND REGISTERED STOCK.—The Argentine loan being issued in the shape of bonds to bearer, the transfer of which is effected by the mere passing from one individual to another, no further formalities would be required. If, however, he had purchased some registered stock or registered shares, it would have been necessary for such stock and shares to be transferred into the name of Mr. Smith, in which case, instead of bonds being handed over to him against the cheque, Mr. Smith would have received for signature a transfer already executed by the previous registered holder of the stock or shares. Such transfer, when executed by Mr. Smith, would be returned by him to his brokers who would lodge it with the bank or the Company's office, as the case might be, for registration in the name of their client, and in this case their contract note would have included a further item of stamp duty at the rate of $\frac{1}{2}$ per cent. (10s. per £100) and transfer fee charged by the Bank or Company for its work in registering the change of ownership, such transfer fee usually being 2s. 6d., although sometimes it is 2s. 6d. per 100 shares.

In due course a certificate in the name of Mr. Smith recording the fact that he was the registered proprietor of so much stock or so many shares would be prepared and handed to him or to his bank. Interest or dividends as they became due would be received by Mr. Smith on his presenting the coupons (in the case of bonds or share warrants to bearer) to the paying bank, or in the case of registered stock or shares the interest or dividends would be remitted to him by cheque. This would close the transaction so far as this ordinary investment purchase was concerned.

CARRYING OVER.—Let us suppose, however, that in the following week Mr. Smith thought he would have a "flutter" in Kaffirs,

SHARE TRANSFER

I, *John Allen*, of *97 Broad Street, Birmingham*, Merchant,
in consideration of the sum of ¹ *Sixty pounds*
paid by *William Young*, of *1004 Granite Road, Aberdeen*, Brewer,
hereinafter called the said Transferee

Do hereby bargain, sell, assign, and transfer to the said
Transferee *Ten (10) Ordinary shares of £5 each fully paid up*
Nos. 11 to 20 inclusive

the _____ of and in the undertaking called
Blank Manufacturing Company, Limited.

To HOLD unto the said Transferee, his Executors, Administrators,
and Assigns, subject to the several conditions on which I held the
same immediately before the execution hereof; and I, the said
Transferee do hereby agree to accept and take the said *ordinary*
shares, subject to the conditions aforesaid.

AS WITNESS our Hands and Seals, this *thirteenth* day of
May in the Year of our Lord One Thousand nine hundred and
nine.

Signed, sealed, and delivered, by the above-named

John Allen

in the presence of

Signature, *Arthur Dunham*

Address, *59 Tollington Park, London, N.*

Occupation, *Clerk.*

John Allen

L.S.

Signed, sealed, and delivered, by the above-named

William Young

in the presence of

Signature, *Thomas Ward*

Address, *66 Nichols Square, Hackney Rd.,*

Occupation, *Clerk.* [*London, E.*]

William
Young.

L.S.

Signed, sealed, and delivered, by the above-named

in the presence of

Signature,

Address,

Occupation,

L.S.

Signed, sealed, and delivered, by the above-named

in the presence of

Signature,

Address,

Occupation,

L.S.

¹ The Consideration-money set forth in a transfer may differ from that which the first Seller will receive, owing to sub-sales by the original Buyer; the Stamp Act requires that in such cases the Consideration-money paid by the Sub-purchaser shall be the one inserted in the Deed, as regulating the *ad valorem* Duty; the following is the *Clause* in question:

"Where a person having contracted for the purchase of any Property, but not having obtained a Conveyance thereof, contracts to sell the same to any other Person, and the Property is, in consequence, conveyed immediately to the Sub-purchaser, the Conveyance is to be charged with *ad valorem* Duty in respect of the consideration for the Sale by the Original Purchaser to the Sub-purchaser."

33 & 34 Vict. (cap. 97), Clause 74, Section 3, of the Schedule.

When a Transfer, is executed out of Great Britain, it is recommended that the signatures be attested by H.M. Consul, or Vice-Consul, a Clergyman, Magistrate, Notary Public, or by some other person holding a public position—as most companies refuse to recognise Signatures not so attested.

Coupon for £ Stock forwarded
to the Company's Office by

Stamp

7/6

Witness's

Witness's

Witness's

Witness's

and being of opinion that Nourse Mines shares were more likely to rise than fall in price, gave his broker an order to purchase 1,000 of these shares. In this case Mr. Smith has no intention of paying for the shares or of holding them permanently; none the less he instructs his broker to purchase them, and the broker sends him a contract note in just the same way as he did for the Argentine loan, notifying Mr. Smith that 1,000 Nourse Mine shares have been bought for him at the price of £2 0s. 0d. each, and that the amount due from him in respect thereof on 29th November, 19.., is £2,022 14s. 0d., the £22 14s. 0d. being for stamp duty, fee and contract stamp. Mr. Smith has therefore about a fortnight before he is supposed to pay for the shares, and if during that period they go up to any extent he can sell them at the enhanced price to someone else who is supposed to pay for them also on the 29th November, and Mr. Smith can pocket the difference without having had to disburse any money. In this case Mr. Smith, having bought for a rise, *i.e.*, in the expectation that the shares will rise, is a "bull" of Nourse Mines. Suppose, however, that Nourse Mines shares remain stationary in price, or fall. What would Mr. Smith have to do, seeing that he has neither the intention nor the means available to pay for them on the 29th November? He can either sell at the price ruling and pay the difference, thus cutting his loss, or he can carry over. That is to say, a day or two before the account day, in this case 29th November, he will notify his broker that he wishes to carry over, whereupon his broker will arrange for the "bargain" to be continued, that is to say, he finds someone who will lend the money necessary to pay for the shares, or arranges with some jobber to postpone for another account the delivery of the shares (which comes to much the same thing), such shares probably being deposited with a Bank as collateral security for a loan for the duration of the next account. These are the short loans in which so much of the funds of the banks are employed. Mr. Smith is charged interest on the money he is thus borrowing, such interest being regulated by the bank rate, and these rates charged for carrying over are known as "contangoes." On carrying over, the broker sends Mr. Smith a fresh contract note recording the purchase of 1,000 Nourse Mines just as though it were a new transaction, the price being, however, not that which he originally purchased, but the carrying over price fixed by the Stock Exchange authorities, which is usually the middle ruling price, and

if this price is lower than that at which he purchased, Mr. Smith has to send a cheque for the difference to his brokers; if, on the other hand, it is higher than when he purchased he receives a cheque from his brokers for the difference. He is also charged interest as already mentioned, and probably a small fee in addition by his broker. This may go on from account to account, Mr. Smith paying or receiving differences each account day unless the carrying over price happens to be exactly the same as that on the previous carrying over day, in which case, of course, Mr. Smith neither gains nor loses, beyond the small sum he has to pay for interest or charges. This can go on until Mr. Smith decides that he has lost or gained enough as the case may be, and closes the transaction by selling the shares. It can readily be seen that this system resolves itself into mere gambling, and as a matter of fact dealings take place in thousands and thousands of shares and thousands and thousands of pounds worth of stock which to all intents and purposes never exist, such stock and shares being merely gambling counters. Mr. Smith might have performed the opposite operation; that is to say, he might have sold 1,000 Nourse Mines shares even though he did not really possess any, in the hope or belief that they would fall in price. In this case he would be a "bear" of Nourse Mines, and could carry over in the same way, pocketing or paying out the difference each account according to whether they fell (as he would hope) or rose in price. In this case, however, when he carried over he would not be borrowing money but borrowing shares. As bulls of these shares are paying contangoes, *i.e.*, are paying for the privilege of not having to take delivery of the shares they have purchased, it very likely results in the bear operator receiving money at the ruling rate per cent. on the value of the stock he is continuing. If, however, as sometimes occurs, there is a preponderance of bears in one particular share, it may occur that the speculator for the fall, the bear, has to pay something for the privilege of carrying over his liability to deliver, and this charge is called a backwardation.

OPTIONS.—There is another way in which Mr. Smith may speculate, and that is by means of an option. As the name implies an option is a right over certain stock or shares. It may be the right to *buy*, or it may be the right to *sell*. In the former case it is termed a "call" option, in the latter a "put" option. It is possible to purchase a "put and call option," which means that the purchaser has

the right at will either to buy or sell. It should be added that the option is to buy or sell a certain number of shares at a date and at a price fixed upon at the time the option is granted. The financial papers publish lists of option prices in those securities in which this sort of business is most carried on, and we give a specimen of such a list—

OPTION PRICES

Put or Call for	End July.	End Aug.	End Sept.
Consols	$\frac{3}{8}$	$\frac{1}{2}$	$\frac{9}{16}$
Peruvian Pref. ..	—	1 $\frac{1}{4}$	1 $\frac{1}{4}$ $\frac{1}{2}$
Amalgamated Copper	$2\frac{3}{8}$	$2\frac{7}{8}$	$3\frac{3}{8}$
Anaconda	$\frac{9}{32}$	$\frac{1}{2}$	$\frac{1}{2}$
Atchison	$1\frac{7}{8}$	$2\frac{3}{8}$	$2\frac{7}{8}$
Canadian Pacific ..	4	$4\frac{1}{4}$	5 $\frac{1}{4}$
Eries	$1\frac{5}{8}$	2	$2\frac{1}{4}$
Reading	$2\frac{1}{4}$	$2\frac{3}{4}$	$3\frac{1}{4}$
Southern Com. ..	$1\frac{1}{2}$	$1\frac{3}{4}$	2

The put and call is double the above quotation.

An expert Stock Exchange operator often purchases an option to protect himself and then buys or sells stock on the market against it, carrying over from account to account until the option expires. This is, however, a very complicated business, and the ordinary student need not bother about its intricacies so long as he understands what an option is.

BONUS, RIGHTS, ETC.—As has already been stated, interest or dividends (the distinction being that interest is a regular payment made on fixed interest-bearing securities such as debentures, preferred shares, etc., whilst dividends are the distributions often varying in amount according to the earnings) are paid sometimes by means of coupons, which have to be presented for encashment, sometimes by cheque direct to the registered holder or to his banker according to whether the stock or shares are in the form of bearer bonds or certificates, or are registered or inscribed in the name of the proprietor. In the case of many companies a dividend is declared at a regular rate, but something additional is given from time to time, and is termed a bonus; by this it is generally intended to convey that shareholders must not rely upon receiving such bonus regularly, but that it varies according to the circumstances. Sometimes shareholders are also given the right to apply for new shares

at a price below the market quotation ; in such a case the right to apply for these shares has value in so far as it places shareholders in a privileged position, and thus oftentimes people sell these rights separately. One sometimes sees a share quoted "ex rights" or simply "xr," which means that the price no longer includes the rights which attach to the shares. In the same way one sometimes sees after the quotation the words "ex div." or simply "xd." or "x," which indicates that this price no longer includes the right to the last coupon or dividend as the case may be.

THE DAYS OF THE SETTLEMENT.—Although a certain day is fixed as a settling day, transactions for the account always cease a day or two before, in order to allow of the necessary adjustments and clerical work. The settlements occupy four days, the first of which is the "mining contango day," for on that day the making-up prices in mining shares are fixed, and the carry-over in that class of security is effected ; the reason for this extra day being given to the settlement in mining shares is that some years ago operations in these shares grew to such an extent that one day, the general contango day, was not found sufficient.

The second day of the settlement is the general contango day, or making-up day, on which day making-up prices are fixed for all securities except consols and mines, and the brokers draw up a statement of the balance of business they have done with the different jobbers, with whom they agree such balances ; that is to say, Smith & Co., Brokers, on totalling up the various purchases and sales they have effected during the account with Jones & Co., Jobbers, and setting the sales of each particular security against the purchases of that same security, find that on balance they have to receive or hand to them so much of each particular security. They also arrange on this day for the carrying over of such transactions as their clients wish to continue.

The third day is known as ticket day, or name day ; on this day the brokers hand over to the various jobbers tickets on which are written the names and addresses of their clients who have bought securities during the account, together with the price and amount so that the necessary deeds of transfer may be prepared. In the case of bearer bonds or shares, no such ticket is necessary. The ticket may be looked upon as a demand note for the security described thereon, but the jobber to whom it is handed is not

necessarily in possession of the securities, for he may during the account himself have bought them from another jobber or broker, so in this event he writes the name of the person from whom he bought the stock on the back of the ticket, and passes it on until it ultimately reaches the member of the Stock Exchange whose client actually holds the certificate. The fourth and final day of the account is known as settling-day, or pay-day, and is sometimes termed "the account." As the name denotes, on this day all payments arising out of the account, be they payments for stock actually purchased and taken up, or payments of "differences," *i.e.*, profits or losses on speculative transactions, have to be made.

BUYING-IN OR SELLING OUT.—If stock or shares due for delivery on pay-day are not delivered within ten days, the stock may be "bought in," that is, the broker to whom delivery has to be made, is entitled to buy the necessary quantity of stock in the open market through the Official Buying-in Department of the Stock Exchange (who charge the deliverer with commission and the difference). If, on the other hand, the client does not pay for the stock when due and when delivery is offered, the stock may be sold in similar fashion in the open market, and the client charged with any loss.

STAGGING.—There is sometimes reason to believe that an exceptionally attractive issue will be largely over-subscribed, with the result that the stock or shares will at once be quoted at a premium, something above the issue price, for disappointed applicants may still be desirous of obtaining some of the security even at an enhanced price, and give orders to their brokers accordingly. In the hope of snatching a profit by this means, many people apply for quantities of the new issue in the hope of obtaining an allotment, which they immediately sell at the enhanced price; this operation is called "staggering," and gives rise to the third species in the Stock Exchange menagerie of bulls, bears, and stags.

STOCK EXCHANGE ABBREVIATIONS

Anglo A	..	Anglo-American Telegraph Company deferred.
Atch	..	Atcheson, Topeka, and Santa Fé Railroad common.

Bags	Buenos Ayres Great Southern Railway ordinary.
Bays	Hudson Bay shares.
Berthas or ..	London, Brighton and South Coast Railway
Brighton A ..	deferred.
Berwicks ..	North-Eastern Railway consols.
Boards	Old Boards Metropolitan 3½.
	New Boards „ 3.
	Little Boards „ 2½.
British	North British Railway ordinary,
Brums	London and North-Western Railway ordinary.
Caleys	Caledonian Railway ordinary.
Canadas, or ..	Canadian Pacific Railway common,
Canpacs	
Chartered ..	British South African Company shares.
Chats	London, Chatham and Dover Railway ordinary.
Chat. Pref. ..	London, Chatham and Dover Railway preference.
Coras	Caledonian Railway deferred.
Cottons	English Sewing Cotton shares.
Curs	Central Uruguay or Monte Video Railway ordinary.
Districts ..	Metropolitan District Railway ordinary stock.
Doras, or Dover A	South-Eastern Railway deferred.
Easterns	Great Eastern Railway ordinary.
Floras	Caledonian Railway preferred stock.
Gips	Great Indian Peninsula Railway.
Goldfields ..	Consolidated Goldfields of South Africa.
Goschen's ..	Two and a half Consolidated.
Haddocks ..	Great North of Scotland Railway ordinary.
Irish	Two and three-quarter Guaranteed (Irish Land Act).
Johnnies ..	Johannesburg Consolidated Investment Com- pany's shares.
Khakis	The South African War Loan.
Koffies	Koffyfontein Estates shares.
Leeds	Lancashire and Yorkshire Railway ordinary stock.
Mails	Mexican Railway ordinary.
Mets.	Metropolitan Railway Company ordinary.
Middies	Midland Railway ordinary.

Milks	..	..	Chicago, Milwaukee, and St. Paul's Railroad common.
Mists	..	..	Mexican Railway first preference.
National Seconds			National Railways of Mexico second preference.
Noras	..	..	Great Northern Railway deferred.
Oceans	..	..	Oceana Consolidated Company shares.
Penns	..	..	Pennsylvania Railroad common.
Potts	..	..	North Staffordshire Railway ordinary.
Rocks	..	..	Rock Island Co., common shares.
Rosies	..	..	Buenos Ayres and Rosario Railway ordinary.
Sallies	..	..	South African Land Exploration Co. shares.
Saras	..	..	Great Central Railway deferred.
Slops	..	..	Allsopp's Brewery ordinary.
Slubbers		..	British Cotton Wool Dyers' shares.
Soos	..		Minneapolis, St. Paul, and Sault St. Marie bonds.
Soups	..	..	Southern Pacific Railroad common.
Souths	..	..	London and South-Western Railway ordinary.
Tanks	..	..	Tanganyika Concessions shares.
Terrors	..	..	Northern Territories Goldfields of Australia.
Vestas	..	..	Railway Investment deferred stock.
Wags	..	..	West Australian Goldfields.
Westerns		..	Great Western Railway ordinary.
Yorks	..	..	Great Northern Railway ordinary.

QUESTIONS

1. Write a short essay on the History of the Stock Exchange.
2. By whom is the Stock Exchange governed ?
3. What powers have the Committee of the Stock Exchange ?
4. What are the qualifications required of a candidate for Membership of the Stock Exchange ?
5. What are the rules regarding the admission of clerks to the Stock Exchange ?
6. Members of the Stock Exchange are divided into two classes. Name them and say if there is any real necessity for such a definition.
7. If you desire to purchase stock or shares, would you approach a stock jobber with a view to his carrying the transactions through ?

8. Describe the functions of (a) a Broker ; (b) a Jobber.
9. Give a definition of the term " Market " as used on the Stock Exchange.
10. How would you describe a broker who was not a member of the Stock Exchange ?
11. Into what different markets is the Stock Exchange divided ?
12. What is the meaning of the word " Kaffirs " as used on the Stock Exchange ?
13. You wish to purchase 100 shares in Bovril, Ltd. State precisely the procedure from the time of placing your order to the passing of the transfer.
14. How would you describe a man whose capital amounted to £500 and who purchased stock to the value of £1,000 in the hope that before time for payment arrived the price would rise sufficiently to permit of his selling at a profit ?
15. What do you understand by Carrying Over ?
16. How many days does the Settlement cover, and by what names are they known ?
17. State what you know about Options.
18. You see stocks quoted (a) Ex Rights ; (b) Ex Div. ; (c) Cum Div. What do these terms convey to you ?
19. There is reason to believe that a certain new issue of shares will be largely subscribed.. A speculator has applied for a large quantity in the hope of receiving an allotment and being able to sell to disappointed applicants at a premium. How is that operation described ?
20. The following abbreviations are in common use on the Stock Exchange. Give their meanings.

Bags	Brums	Berthas
Doras	Goschens	Johnnies
Khakis	Mets	Slubbers
	Canpacs.	

CHAPTER XIX

INSOLVENCY AND BANKRUPTCY PRACTICE

THE law relating to insolvency and bankruptcy ranks as one of the most difficult branches of jurisprudence, and it would be manifestly impossible, in a work like the present, to present more than the faintest outline of such an important and intricate branch of the law.

INSOLVENCY.—The subject of insolvency will be dealt with first. Whilst every bankrupt must of necessity be insolvent, it does not always follow that every insolvent debtor need, as a matter of course, become finally bankrupt. Whether he does make an appearance in the bankruptcy courts or not will depend upon a variety of circumstances, such as the feeling of his creditors towards him, the nature and extent of his business, and various attendant circumstances. It will be gathered, therefore, that an insolvent person is one who, although his liabilities are in excess of his assets, has, at any rate for the moment, escaped figuring in any actual proceedings in bankruptcy.

NOTICE OF MEETING.—The first intimation of the insolvency of a debtor (of whose condition there has been no previous indication, such as a county court judgment) usually arrives through the medium of the post, and the persons in the mercantile world who, at some period or other, have not been the recipients of a circular announcing the state of affairs of one of their customers in this connection, must be few indeed. Such a communication, usually emanating from a firm of solicitors, or sometimes accountants, intimates that the debtor has consulted them with regard to his financial position, and adds that a meeting of creditors will be held at a certain place on a specified date.

PRIVATE ARRANGEMENTS.—It may here be stated as a general principle that private arrangements which are usually the result of such a meeting, are more favourable to the average creditor than if the matter were allowed to drift into bankruptcy. One important argument in support of this contention is that the legal and other expenses connected with the matter will, as a rule, be found to be

less. These private arrangements are usually carried out in one of two ways, either by a deed of composition or a deed of assignment.

DEEDS NECESSARY.—The first-named deed is usually resorted to when the debtor proposes to pay a composition by instalments. The creditors will usually press for, and, if they are fortunate, may obtain a guarantee for the due payment of the said instalments from some relative of the debtor. The second deed is available in cases wherein it is desired that the business of the debtor should be carried on and his liabilities discharged out of the moneys which may, with more judicious management than the concern formerly enjoyed, come in. By this deed the property of the debtor, except his tools and certain other articles, such as bedding, etc., is assigned to a person appointed as trustee, who realises it to the best advantage as and when he conveniently can, and, after discharging all preferential claims such as rent, wages and local impositions, distributes whatever balance there may be among the creditors.

REGISTRATION OF DEEDS.—Any deed whereby a person enters into any arrangement or composition with his creditors must be duly registered, and upon such deed being presented for registration certain particulars must be furnished, including a statement upon oath by the debtor as to the extent of his liabilities and the value of the property comprised in the deed. Unless this registration takes place within the specified time the deed is void.

DISSENTING CREDITORS.—It is almost unnecessary to state that only those creditors who assent to a deed are bound by it, and any dissenting creditor may, notwithstanding the deed, take legal proceedings for the recovery of the debt due to him, but as he cannot attach the property recited in the deed, little can be gained by this course.

PROCEDURE AT MEETING.—Of the procedure at a meeting of creditors of an insolvent debtor little need be said. The solicitor or accountant who has convened the meeting will usually place before it the reasons for this step and will of course endeavour to exculpate the debtor as much as possible if it be likely that any of his audience will allege extravagant living or similar conduct on the part of his client, and after discussion, which is usually more or less heated, the meeting will decide whether the case is one for private arrangement or for bankruptcy.

As to the course to be pursued by a creditor or his representative at such a meeting, the advice given on a certain occasion at which two rival parties were present, namely, side with the largest, is applicable here. It is only to be expected that the largest creditors who have most at stake will spend considerable time and trouble and often employ skilled assistance in endeavouring to avert disaster, and if the ordinary trade creditor follows their lead he will usually have adopted the wisest course.

SECURED CREDITORS.—It has, of course, been entirely assumed in dealing with the matters above that the creditor is unsecured. If he is fortunate enough to hold some security, such as a mortgage upon the debtor's property, or upon a policy upon that gentleman's life, he relies upon his security, and can, as it were, sit upon the fence, and calmly ignore the other creditors who have not been so far-seeing.

Having dealt as far as possible, under the circumstances, with the subject of financial embarrassment, short of actual bankruptcy, we must now consider the practice in those cases where a creditor, having obtained a judgment, determines to pursue the matter to the end, and to obtain a receiving order against his debtor, and also in those cases where an attempt to stave off bankruptcy by a private arrangement has proved of no avail.

BANKRUPTCY.—As is almost universally known, the principle underlying the bankruptcy laws is that if a person becomes heavily involved in debts with no prospect of being able to extricate himself from this position, some effort should be made to effect this object for him, which is usually done by his property being realised by or under the supervision of the court, the proceeds being divided equitably among the persons to whom he is indebted, and allowing the debtor, possibly under certain restrictions, to make a fresh start, freed from the debts which formerly oppressed him.

WHO CAN BE MADE BANKRUPT?—Before any proceedings are taken the creditor must be satisfied that his debtor is a person who can be properly made a bankrupt. It goes almost without saying that an adult male trader can be made the subject of bankruptcy proceedings. A married woman who carries on a trade, whether apart from her husband or not, is also subject to the bankruptcy laws. It is doubtful whether proceedings in bankruptcy can be instituted against an infant. A joint-stock company cannot be

made bankrupt, but a winding-up order may be obtained against it.

A person cannot have a receiving order in bankruptcy made against him unless he has been guilty of what is known as an act of bankruptcy.

ACTS OF BANKRUPTCY.—There are several ways in which a debtor may commit an act of bankruptcy, the chief being—

- (1) Executing a deed of arrangement or composition for the benefit of his creditors.
- (2) Making a fraudulent conveyance of any of his property.
- (3) Failing to satisfy an execution when levied.
- (4) Filing a declaration of inability to pay debts.
- (5) Failing to comply with the requirements of a bankruptcy notice.
- (6) Giving notice that he has suspended, or is about to suspend, payment of his debts.

It will nearly always happen, however, in the class of trade and mercantile debts with which these remarks deal, that the act of bankruptcy alleged against the debtor will be the non-compliance with the requirements of a bankruptcy notice.

BANKRUPTCY NOTICE.—Any creditor whose debt amounts to not less than fifty pounds (or any two creditors whose joint debts reach this sum) may, having first obtained judgment, issue a bankruptcy notice. If the debtor resides or carries on business within the London bankruptcy district then the proceedings must be commenced in the High Court, the offices of which, appertaining to bankruptcy matters, are in Carey Street, Lincoln's Inn. If the debtor does not reside or carry on business in the above district, then the aid of the County Court having jurisdiction in the matter must be invoked.

A bankruptcy notice is issued upon production of the judgment, or a certified copy thereof, and upon a form of request being filled in and presented to the court together with the forms of bankruptcy notice in triplicate. The fee payable is five shillings.

Proceedings in bankruptcy are usually entrusted from their inception to a solicitor whose skilled assistance is a necessity. It may, however, be of assistance to append a specimen form of bankruptcy notice usually served upon a dilatory judgment debtor.

In the High Court of Justice.

IN BANKRUPTCY.

No. 410 of 19..

Re *Herbert Welsh Brownsmith*

Ex Parte *James Dilnot*

To *Herbert Welsh Brownsmith*, of 674 *Elizabeth St., Hampstead*, in the County of London, Tailor.

TAKE NOTICE that within seven days after service of this notice on you, excluding the day of such service, you must pay to *James Dilnot*, of 847 *Oxford Street*, in the County of London, Merchant, the sum of £156 : 6 : 8 claimed by *him* as being the amount due on a final judgment obtained by *him* against you in the King's Bench Division of the High Court dated 13th August, 19..; whereon execution has not been stayed, or you must secure or compound for the said sum to *his* satisfaction, or the satisfaction of the Court; or you must satisfy the Court that you have a counter-claim, set-off, or cross-demand against the said *James Dilnot*, which equals or exceeds the sum claimed by *him*, and which you could not set up in the action in which the judgment was obtained.

Dated the 14th day of January 19..

By the Court.

Seal.

This notice has a memorandum printed upon the back thereof as follows—

YOU ARE SPECIALLY TO NOTE—

That the consequences of not complying with the requisitions of this notice, are that you will have committed an act of bankruptcy on which bankruptcy proceedings may be taken against you.

If, however, you have a counter-claim, set-off, or cross-demand which equals or exceeds the amount claimed by the said *James Dilnot* in respect of the judgment, and which you could not set up in the action in which the said judgment was obtained you must within three days apply to the Court to set aside this notice, by filing with the Registrar an affidavit to the above effect.

This notice is sued out by *James Dilnot*, of 847 *Oxford Street*, in the County of London, Merchant.

This notice is purposely couched in simple terms. Attention may, however, be called to the memorandum endorsed which informs the debtor that in the event of his non-compliance with the demands contained in the notice he will be guilty of an act of bankruptcy on which bankruptcy proceedings may be taken against him.

PETITION.—Proceedings in bankruptcy are then commenced by the presentation of a petition, praying that a receiving order may be made against the person who is the object of them. If the act of bankruptcy relied upon is other than non-compliance with the requirements of a bankruptcy notice, it follows that the petition must allege specifically what act or acts of bankruptcy the debtor is alleged to have committed, otherwise the process alleges the non-compliance with the notice, giving the time of service thereof, as a foundation for the proceedings.

Upon the presentation of the petition, a duty invariably undertaken by a solicitor, an affidavit verifying the statements contained therein must be filed in court.

The parties presenting the petition must pay a fee of five pounds, and also deposit a like sum with the Official Receiver. This latter deposit may in certain special circumstances be refunded to the creditor.

Service of the petition is usually effected by delivering a sealed copy to the debtor with notice of the date and place of hearing affixed to or contained therein. (See form, p. 291.)

RECEIVING ORDER.—Upon the hearing of the petition, and upon due proof of the averments set forth therein, the court will, if the circumstances of the case warrant that course, make a receiving order, which is served upon the debtor and advertised in the *London Gazette*.

The effect of this order is to make the Official Receiver, who is a public officer appointed by the Board of Trade, receiver of the property of the debtor, and deprives all creditors, except secured creditors, of all right to recover anything from the debtor except in the bankruptcy.

STATEMENT OF AFFAIRS.—After a receiving order has been made against a debtor, a full and detailed account of his assets and liabilities, known as the statement of affairs, must be prepared by the debtor, and submitted to the Official Receiver. In certain circumstances a debtor may obtain the assistance of a solicitor in the preparation of this document. The statement of affairs must

be in the prescribed form, and must, in particular, contain full details of all debts due and owing from the bankrupt, with the names and addresses of the creditors, and such information as the Official Receiver may require. This statement of affairs is open to the inspection of any creditor.

PROOF OF DEBT.—Forms of proof of debt are sent to all persons or firms who have been returned as creditors, and upon such forms being duly filled in, sworn, and lodged with the official receiver, accompanied, if the debt exceeds two pounds, by a postal order for one shilling, the allegations contained therein will be enquired into, and if the claim is in order, the amount will be placed forward to rank for dividend, if the estate warrants one being declared.

An example of a common form of proof of debt, duly completed, is given below.

THE BANKRUPTCY ACT, 1914

In the High Court of Justice.

IN BANKRUPTCY.

No. 410 of 19..

Re *Herbert Welsh Brownsmith*

I, *John Cash*, of *847 Oxford Street*, in the County of London, Clerk to *James Dilnot*, of the same Address, Merchant, make oath and say:

That I am in the employ of the undermentioned Creditor, and that I am duly authorised by *him* to make this affidavit, and that it is within my own knowledge that the debt hereinafter deponed to was incurred, and for the consideration stated, and that such debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

That the said *Herbert Welsh Brownsmith* was, at the date of the Receiving Order, viz.:—the *14th* day of *March*, 19.., and still is justly and truly indebted to the above-named *James Dilnot*, of *847 Oxford Street*, in the County of London, Merchant, in the sum of *One hundred and fifty-six* Pounds *ten* Shillings and *eight* Pence for the price of goods sold and delivered, as shown by the account endorsed hereon, for which sum or any part thereof I say that I have not nor hath the above-named creditor, or any person by his order to my knowledge or belief for his use had or received any manner of satisfaction or security whatsoever.

Sworn at *196 Cheapside*, in the City of London, this *16th* day of *May*, 19.. Before me

John Jones, a Commissioner for Oaths.

John Cash.

PARTICULARS OF ACCOUNT REFERRED TO ON OTHER SIDE

(Credit should be given for Contra Accounts)

DATE.	CONSIDERATION.	AMOUNT.			REMARKS. ¹ The Vouchers (if any) by which the Account can be substantiated should be set out here.
		£	s.	d.	
19..					1
July 26	46 yards best flannel at 6d.	1	3	0	
Oct. 10	10 Bales Silk @ £5 ..	50	0	0	
" "	50 Parcels Serge @ £2	100	0	0	
Nov. 14	3 Bales Serges to order as per quotation ..	5	7	8	
		£156	10	8	

The account is signed at the foot by the deponent. The above proof cannot be admitted for voting at the first meeting unless it is properly completed and lodged with the Official Receiver before the time named in the notice convening such meeting.

MEETING OF CREDITORS.—A creditor who has duly proved his debt is entitled to attend the meeting of creditors, notice of which will invariably be sent to him, and with certain exceptions, to vote thereat.

At this meeting the principal business will be the consideration of the statement of affairs, a copy or summary whereof together with any observations which the Official Receiver may think fit to make, will usually have been enclosed with the notice to the creditor announcing the time and place of the meeting.

A creditor unable or unwilling to attend the meeting personally may appoint a proxy to do so for him.

Various courses are open to a creditor attending this meeting, such as agreeing to accept a composition, accepting or rejecting a scheme of arrangement which may be put forward by or on behalf of the debtor, or resolving that the debtor be adjudged bankrupt.

PUBLIC EXAMINATION.—The public examination, which is usually not only an examination, but a cross-examination of a very severe nature, is an ordeal which every debtor must undergo, unless he is fortunate enough to get the bankruptcy proceedings set aside or annulled before the date appointed for his examination. This examination is held in open court and the debtor is upon oath. He is usually taken through a most exhaustive history of his financial affairs by the Official Receiver and after this, any creditor who has proved his debt is accorded the privilege of questioning the debtor.

The answers given to the various questions by the debtor are taken down in writing, and he is subsequently requested to sign them.

REALISATION OF DEBTOR'S PROPERTY AND DISTRIBUTION.—It would be impossible here to give any description of the various ways in which the Official Receiver or Trustee realises the property of the debtor to the utmost advantage to the end that the ultimate loss falling upon the creditors may be rendered as light as possible. The questions which arise and demand the most careful consideration are many and of the most varied nature, for example, whether certain rights alleged by the debtor to be maintainable against third parties, shall be enforced by process of law, or whether they shall be abandoned, whether certain property of the bankrupt burdened with many restrictive covenants and conditions, shall be disclaimed or the costly management and chance of realisation undertaken, and so forth. The available property of the debtor having been collected and realised, it is distributed, first, in payment in full of all expenses connected with the bankruptcy; secondly, in discharge of preferential claims such as rent, rates, taxes, and the wages of clerks or workmen within certain limits; and thirdly, in discharging the claims of the ordinary unsecured creditors by way of payment of a dividend.

SECURED CREDITORS.—The above remarks have, of course, been addressed to creditors who are entirely unsecured. A secured creditor, namely, one who holds a charge or lien upon property of the debtor in some form or other, stands in an entirely different position. If his security is sufficient to realise the amount due to him, well and good. He can calmly ignore the bankruptcy proceedings and all matters and things appertaining thereto, knowing that, however small the dividend paid to his less fortunate brethren may be, he himself will get paid in full. Assuming,

however, that the security held is not sufficient to liquidate the debt due, he may realise his security and lodge a proof of debt for the balance ; or as an alternative the security may be surrendered and the whole debt proved for. The position of a secured creditor, in cases wherein it is possible that the security may be insufficient to realise the amount of the debt, is one of some delicacy. A secured creditor is invariably the object of some little hostility from the less fortunate creditors and his interests will be best served by placing his position before the solicitor who advised him when the security was taken up at as early a period in the proceedings as possible.

DISCHARGE OF BANKRUPT.—As is commonly known, the realisation of the estate of a bankrupt person often takes some considerable time, and it would be a great hardship on the debtor if he were to be deprived of the right to trade for the whole of the time the winding up of his affairs was in progress. In these circumstances a bankrupt can, and often does, shortly after the closing of his public examination, apply to the court to grant his discharge. This application is usually heard in open court, and upon the hearing the Official Receiver will report to the court as to the general conduct of the bankrupt and the manner in which he has managed, or mismanaged, his affairs. An order of discharge may be refused entirely, or it may be, and frequently is, granted subject to certain conditions, or after a fixed period has elapsed, or the court may, in cases wherein the failure of the debtor has been due to no fault of his own, grant an immediate discharge. Any creditor may support or oppose the debtor's application, according to whether his feelings towards that gentleman are friendly or otherwise. The discharge will be suspended for a period of two years in cases wherein the assets are insufficient to pay a dividend of ten shillings in the pound unless this is due to circumstances over which the debtor had no control. It will also be suspended for the like period where proper books of account have not been kept, or where the debtor persisted in trading, knowing that he was insolvent, and in certain special circumstances which need not be gone into here. It should be noted that traders who do not keep proper accounts are liable to punishment on bankruptcy, if they have been previously adjudged bankrupt.

So long as the bankrupt remains undischarged he suffers from

a considerable number of restrictions, particularly as regards his holding any public office or position. The most important point, however, in this connection is that it is an offence punishable by imprisonment for an undischarged bankrupt to obtain credit to the extent of twenty pounds without informing the person with whom he is trading of this circumstance in connection with his affairs.

SMALL BANKRUPTCIES.—In small bankruptcies, namely, in cases wherein the estate of the debtor is of less value than three hundred pounds, the court may order what is known as summary administration. Under this special mode of procedure the steps taken in larger and more complicated matters are modified in many respects so that a considerable saving of both time and expense is effected. No bankruptcy proceedings are of course possible where the estate of the debtor is of less value than fifty pounds. In these cases what is known as an administration order may be obtained, whereby the debtor may be compelled to liquidate his liabilities or a portion of them, by such instalments as the court may think fit to order.

CONCLUSION.—It is hoped that a careful study of the foregoing will, at any rate, make clear the rudiments of the various methods of procedure in insolvency and bankruptcy matters. More detailed information on the subject may be obtained from *Mercantile Law*.

QUESTIONS

1. What is the difference between an insolvent person and a bankrupt?
2. State briefly the mode of procedure at a meeting of creditors of an insolvent debtor.
3. Who may be made bankrupt?
4. Name the chief Acts of Bankruptcy.
5. Describe the method of commencing bankruptcy proceedings.
6. What is the effect of a Receiving Order?
7. What do you understand by "Proving a Debt"?
8. At what stage does the public examination of the debtor take place, and what is the procedure at such meeting?
9. What is a "Secured Creditor"? Define his position in bankruptcy proceedings.
10. What are the steps to be taken by a bankrupt to secure his discharge?

FORM OF CREDITOR'S PETITION.

No. 10.

In the High Court of Justice.

IN BANKRUPTCY.

No. 3195

of 19..

Re *Edward Robert Smith*Ex Parte ⁽¹⁾*Henry Jones*⁽²⁾*I Henry Jones*of 99 *Pancras Lane in the County of London, Financier*

hereby petition the Court that a receiving order be made in respect of the estate of ⁽³⁾ *Edward Robert Smith of 679 Cheapside in the County of London, Tool Manufacturer*

⁽⁴⁾

and say

1. That the said *Edward Robert Smith* has for the greater part of six months next preceding the presentation of this petition ⁽⁵⁾ *carried on business* at *679 Cheapside in the County of London* within the district of this Court ⁽⁶⁾

2. That the said *Edward Robert Smith* is justly and truly indebted to ⁽⁷⁾ *me* in the sum of £ ⁽⁸⁾ 206 0 8 *being the amount due from him to me on a final judgment for £150 0 0 obtained by me against him in the King's Bench Division of the High Court of Justice, dated the 12th day of October, 19.., the amount of a dishonoured cheque dated the 1st June, 19.., drawn upon the London City and Midland Bank Limited, Ludgate Hill Branch, in the County of London, by the said Edward Robert Smith and made payable to one Alfred Thompson which cheque was indorsed by the said Alfred Thompson to me for value and was duly presented*

(1) Here insert the Name of the Creditor.

(2) "I" or "We."

(3) Here insert name, present address or addresses, and description of debtor. (See note at foot.)

(4) Also insert address at which the debtor was residing or carrying on business when the petitioning creditor's debt was incurred, commencing "lately residing" or "carrying on business at."

(5) "Resided at" or "carried on business at."

(6) Or, as the case may be following the terms of section 95.

(7) "Me" or "us in the aggregate."

(8) Set out amount of debt or debts, and the consideration.

NOTE.—If there be more than one petitioner, and they do not sign together, the signature of each must be separately attested, e.g., "Signed by the petitioner, E.F., in my presence." If the petition be signed by a firm, the partner signing should add also his own signature, e.g., "A.S. and Co., by J.S., a partner in the said firm." If the debtor resides at any place other than the place where he carries on business both addresses should be inserted.

for payment and dishonoured the said Edward Robert Smith having waived notice of dishonour by stopping the said cheque, and £56 0 8 costs taxed and allowed on the said Judgment, making together the said sum of £206 0 8

3. That I do not, nor does any person on my behalf hold any security on the said debtor's estate, or on any part thereof, for the payment of the said sum (£) £206 0 8 except the said cheque

4. That the said Edward Robert Smith within three months before the date of presentation of this petition has committed the following ⁽¹⁰⁾ Act of bankruptcy, namely ⁽¹¹⁾ that the said Edward Robert Smith failed to comply before the 26th day of November, 19.., with the requirements of a Bankruptcy Notice duly served upon him on the 18th day of November, 19..

Dated this 27th day of November 19..

(Signed)

Henry Jones

Signed by the Petitioner in my presence.

(12)

George Sharpless

39 Bucklersbury,

E.C.

Solicitor.

This is the petition referred to in the affidavit

of Henry Jones

Sworn before me this 27th day

of November 19..

Joseph Wright

L. S.

Filed the 29th day of November 19..
and allotted to Mr. Registrar Green

(9) Or "that I hold security for the payment of (or part of) the said sum (but that I will give up such security for the benefit of the creditors of in the event of his being adjudged Bankrupt)" or ("and I estimate the value of such security at the sum of £")

"That I

"That I

(10) "Act" or "acts."

(11) Here set out separately the nature and date or dates of the act or acts of bankruptcy relied on.

(12) Signature, address, and description of witness. (See Rule 146.)

INDORSEMENT.

This petition having been presented to the Court on the 29th day of November 19.., it is ordered that this petition shall be heard at the Court sitting in Bankruptcy, Carey Street, Lincoln's Inn, on the 18th day of December 19.., at 12.30 o'clock in the afternoon.

And you, the said *Edward Robert Smith*

are to take notice that if you intend to dispute the truth of any of the statements contained in the petition you must file with the Registrar of this Court a notice showing the grounds upon which you intend to dispute the same, and send by post a copy of the notice to the petitioner three days before the date fixed for the hearing.

E. L. GREEN,

Registrar.



CHAPTER XX

COUNTY COURT PROCEDURE

THE object of the present chapter is to present to the student an outline of the procedure to be taken in the county court for the recovery of ordinary mercantile debts. The powers of the county court are many and varied, and embrace a large number of other subjects, which are, however, entirely outside the scope of the present work.

Before giving an outline of the mode of procedure by which dilatory and evasive debtors can be brought to a sense of their responsibilities, it will be well to introduce the reader shortly, to the court and its officials.

THE COUNTY COURT.—The county court has jurisdiction in matters of contract up to one hundred pounds, and an action to recover a debt of this or any lesser sum may be brought therein. It will be found, however, that most of the actions for simple contract debts commenced are for sums less than twenty pounds, because, if there is in existence a debt of over this sum, to which it is assumed no defence whatever can be raised, the high court affords more speedy facilities to a creditor for obtaining satisfaction. These proceedings, however, require the intervention of a solicitor, in all cases. It is, of course, true that many cases of ordinary contract debt issued in the county court also require skilled assistance. The scale of costs, however, allowed to solicitors for this class of work does not err on the side of liberality, and as it is not advisable, unless a large number of accounts are to be collected through the medium of one court at the same time, to incur legal expenses, it will immediately be apparent that an official in the office of a mercantile firm who can, by his own efforts, bring dilatory debtors to book, is a great asset to his employers.

JUDGE.—The county court is presided over by a judge, who must be a barrister of seven years' standing, and upon him the whole of the administration of justice devolves, with the exception of undefended cases, and other small matters, which, under certain circumstances, may be disposed of by the legal gentleman second in command, namely, the registrar.

REGISTRAR.—The registrar, who is usually a solicitor of at least five years' standing, besides hearing the undefended cases, and certain small defended actions, supervises the whole of the clerical work of the court. The issuing and entry of summonses and orders, the receipt, payment, and investment of moneys, to say nothing of the vast amount of book-keeping entailed, are all under his control.

HIGH BAILIFF.—In addition, too, the registrar frequently combines his office with that of high bailiff, upon whom devolves the duty of serving all summonses and processes, the levying of executions, and the arrest of any obstinate debtor, also the preparation of returns as to the service of the numerous summonses entrusted to him.

COURT DAYS.—The county court itself is only open on such days as the judge may be sitting, which are always to be ascertained upon enquiry, or may be found upon a card hung up in the registrar's office.

This office must be kept open to the public for the transaction of all business connected with the court from ten till four, except on one day in the week, usually Saturdays, when it is closed at one o'clock.

COMMENCEMENT OF ACTION.—It will now be assumed that certain goods have been delivered to a debtor, in pursuance of an order or orders received from him, but that that gentleman has failed to carry out the resulting obligation imposed upon him, namely, to pay for the said goods, and that it has become necessary to endeavour to enforce payment through the medium of the county court.

IN WHICH COURT TO TAKE PROCEEDINGS.—The creditor having satisfied himself that the debtor is not one of those persons who through adversity cannot pay, but is one of that numerous class who will not pay until compelled to do so, and having made the usual preliminary application for payment without result, will proceed to the proper county court for the purpose of issuing a summons.

The first question to be decided then, is, which is the proper court in which to take proceedings? No question can arise if both the proposed parties reside in the same district, as the court of that district has complete jurisdiction to try the matter in dispute, or, if the parties both reside within what is known as the London metropolitan district, namely, the area served by the following

courts: Bloomsbury, Clerkenwell, Lambeth, Marylebone, Shoreditch, Southwark, West London (formerly Brompton), Westminster, Whitechapel and the City of London Court, then there can be no difficulty in issuing the proceedings without any leave, either in the court in which the creditor carries on his business or in the court applicable to the debtor's district.

Where, however, the proposed parties reside in different districts certain difficulties present themselves. The action may either be commenced, without leave, in the court within the district of which the debtor dwells or carries on business, or it may be commenced, with leave, in the court in the district of which the defendant dwelt or carried on business within six months before the commencement of the action, or, with the like leave, in the court serving the district wherein the cause of action, or a material part of it, arose.

DWELLING.—Technical meanings are attached to the terms "dwelling" and "carrying on business," a full explanation of which is entirely beyond the scope of the present work. Shortly, however, it may be said that as regards an individual debtor, "dwelling" means a permanent, not temporary, residence, and as regards a trading combination it means its principal place of business. By a legal fiction, a railway company, against whom proceedings are *sometimes* issued, is supposed to dwell and carry on business at its head office only.

MATERIAL PART OF CAUSE OF ACTION.—The most important point for consideration is that the proceedings may be issued, by leave, in the court wherein the cause of action wholly or in part arose. There are many ways by which an astute trader may so order matters when supplying goods to far-distant customers, so that, in the event of an action having to be brought for the price, such action may be commenced in the seller's own court and the trouble and expense of a journey to the debtor's district avoided. To give a few instances, leave to sue in the court of the person supplying the goods will usually be granted as a matter of course, (a) if the order was received at that person's place of business, (b) if the place of payment is the creditor's place of business. One way of arranging this has been of recent times to affix a notice to or upon all invoices, stating that all goods are to be paid for at the seller's place of business,

Having determined from a perusal of the above and a careful consideration of the facts applicable to the particular case, which is the proper court, the person undertaking the issue of the process will proceed to the office of the court and presenting himself at the "Plaint Office," will inform the official in charge that he wishes to issue a summons and will ask for a "præcipe" for that purpose.

KINDS OF SUMMONSES.—It may here be mentioned that there are two kinds of summonses, by which proceedings may be commenced, namely, "ordinary" and "default." The distinction between the two may shortly be summarised as follows. In the case of an ordinary summons the date of the trial is fixed at the moment of issue. This form of summons, moreover, does not require personal service. With a default summons, however, it is otherwise. Personal service is usually absolutely necessary, and the date of the trial is not fixed as in the case of an ordinary summons. A default summons has, however, one advantage peculiar to itself, namely, the right of the plaintiff (the person issuing the summons) on the failure (or "default") of the defendant (who is the debtor) giving notice to the court within eight days from service of the summons upon him, of his intention to defend the action, to sign final judgment for the amount of the claim and costs without any further proof of the debt than the affidavit (of which more hereafter) which has to be filed in court when the summons is issued.

The disadvantages of a default summons, however, are these, that at the foot of every summons is printed a form of notice of intention to defend the action, and by simply signing his name to this, tearing it off and posting it to the court, a defendant, whether he has any real defence to the action or not, may often obtain several weeks' breathing time, as in the case of a default summons, it is not until the receipt of this notice by the court, that any date of trial is fixed.

For the above reasons an ordinary summons is strongly recommended in the case of simple trade debts, and, if an ordinary summons is about to be issued, the blank form of præcipe handed out by the court clerk will read as on the next page.

No difficulty whatever ought to be experienced in filling in the form. In order, however, to obviate all chance of error, an example of the form as it should appear when duly filled in is given on page 299.

In the County Court of Wells, holden at Bilton

No. of Plaintiff.

Plaintiff's Names in full, Residence or
Place of Business, with No. of
House. }

Trade or Occupation.

If Plaintiff is an Infant required to
sue by a next friend, state that fact,
and Names in full, Residence or
Place of Business, and Trade or
Occupation, of Next Friend. }

If Plaintiff is Assignee, state that
fact, and Name, Address, and
description of Assignor. }

Defendant's Names in full, Residence
or Place of Business, with No. }

Whether Male or Female, and, if
known, whether of full age or not,
and, if Female, whether married,
single, or a widow. }

Trade or Occupation.

If a Company registered under the
Companies Acts is Defendant, give
address for service, and describe it
as "being the registered office of
the Company." }

Amount claimed	£	s.	d.	Solicitor's costs	£	s.	d.

What the claim is for—

If the Claim exceeds £2, Two Copies of the Plaintiff's Accounts or Particulars
of Claim are required before a Summons can be issued.

In the County Court of Wells, holden at Bilton.

Plaintiff's Names in full, Residence or place of Business, with No. of House.	<i>Richard Butcher, 4 Bullock Street, Bilton.</i>		
Trade or Occupation.	<i>Wholesale Dealer.</i>		
If Plaintiff is an Infant required to sue by a next friend, state that fact, and Names in full, Residence or place of Business, and Trade or Occupation, of Next Friend.			
If Plaintiff is Assignee, state that fact, and Name, Address, and description of Assignor.			
Defendant's Names in full, Residence or Place of Business, with No. of house	<i>Arthur Owen, 4 Derby Street, Cotsford.</i>		
Whether Male or Female, and, if known, whether of full age or not, and, if Female, whether married, single, or a widow.	<i>Male.</i>		
Trade or Occupation.	<i>Clerk.</i>	Amount Claimed.	
		£	s. d.
		2	0 8
If a Company registered under the Companies Acts is Defendant, give address for service, and describe it as "being the registered office of the Company."			
What the Claim is for.	<i>Goods sold and delivered.</i>	Summons	
		Subpœna	
		Hearing	

If the Claim exceeds £2, Two Copies of the Plaintiff's Accounts or Particulars of Claim are required before a Summons can be issued.

*Richard Butcher,
4 Bullock Street,
Bilton.
Plaintiff in person.*

It may here be mentioned that every care should be taken to give the debtor's full Christian names and also his correct address, so that there may be no difficulty or delay in effecting service, a duty usually undertaken by the bailiff of the court.

LIMITED COMPANY AS DEBTOR.—In cases where the debtors are a limited company the address given must be that appearing on the file of the Registrar of Joint-Stock Companies at Somerset House, as their registered office, otherwise the summons may not be served. In any case of doubt it is well to search the file beforehand, the fee for which is one shilling.

The præcipe having been filled up, the form is handed to the clerk of the court, accompanied, if the claim is over £2, by two copies of the "particulars of claim."

PARTICULARS OF CLAIM.—The object of these particulars is, of course, to give a debtor an opportunity of seeing exactly what he is alleged to owe, and as he is permitted, under certain circumstances, to compel the delivery of further and more elaborate items of account, it will be appreciated how important it is that the particulars filed at court on the issue of the summons should be full and explicit. Two forms of invoice will do perfectly well, care being taken that the account does not start with a balance brought down, the following being added at the foot—

The above are the particulars of the plaintiff's claim.
Dated the 17th day of January, 19..

Richard Butcher,
Plaintiff in person.

AFFIDAVIT OF DEBT.—If both parties reside in the same district, or within the metropolitan area before referred to, no other papers are required. If, however, they reside in different districts the action cannot issue without leave, which must be obtained by swearing a form of affidavit, which, when filled in, will read something as follows—

I, Richard Butcher, of 4 Bullock Street, Bilton, in the County of Wills, Wholesale dealer, make oath and say as follows—

FORM OF AFFIDAVIT.—*I. That Arthur Owen, of 4 Derby Street, Cotsford, in the County of Somerset, Clerk, is justly and truly indebted to me in the sum of two pounds and eight pence for the price of goods sold and delivered.*

2. That the cause of action in respect of which the proposed defendant is proposed to be sued arose wholly or in part at 4 *Bullock Street aforesaid* in the county of *Wills*, within the district of this court.
3. That the facts relied on as constituting the alleged cause of action or a part thereof are that the order for the goods, for the price of which an action is proposed to be brought, was given at 4 *Bullock Street aforesaid* within the district of this court.

If, however, the affidavit is made by an assistant the first clause will be altered accordingly and a final paragraph must be added as under—

4. And I further say that I am a person in the employ of the proposed plaintiff, and that the facts herein deposed to are within my knowledge, and that I am duly authorised by the proposed plaintiff to make this affidavit.

Paragraph 3 may, if required, be varied as follows—

That the facts relied on as constituting the alleged cause of action or a part thereof are as follows—

That the order for the goods for the price of which an action is proposed to be brought was *received by me through the post at 4 Bullock Street, aforesaid*, within the district of this court.

That no other place of payment having been agreed upon the price of the said goods was and is payable at 4 Bullock Street, aforesaid, within the district of this court.

DEFENDANTS ENGAGED IN MANUAL LABOUR.—A different form is required in cases wherein the proposed defendant is a domestic, or menial servant, a labourer, a servant in husbandry, a journeyman, an artificer, a handicraftsman, a miner, or a person engaged in manual labour, which can be readily compiled using the last form as a guide. Shortly, however, it may be stated that in these cases leave to sue in the plaintiff's court will usually be refused unless the debtor or his agent personally contracted the debt there, or the debtor has had notice that the proceedings will be taken against him in the plaintiff's court.

COURT FEES.—The affidavit being duly filled in and sworn, which latter is done without fee at the court, and a copy made for the

debtor, is handed in together with the papers before mentioned, and if these are in order the only remaining step is the payment of the fees, usually one shilling in the pound on the amount of the debt, fractions of a pound being reckoned as a pound, and a fee of one shilling for service of the summons, which is effected by the bailiff.

PLAINT NOTE. ORDINARY SUMMONS.—The Court fees having been paid, a plaint note will be handed to the party issuing the summons. This document gives the date of hearing, operates as a certificate that the action has been duly entered and also as a receipt for the fees paid. The form of plaint note issued upon an ordinary summons is usually as under—

In the County Court of Wiltshire, holden at Bilton

(SEAL)

No. of Plaint.

X 14070

Between

RICHARD BUTCHER,

Plaintiff,

and

ARTHUR OWEN,

Defendant.

Summons

Fees paid.

£

s.

d.

4

Searches made and money paid out of court on Wednesday and Friday only.

The above action was entered this day, and will be tried at the Court House, Bilton, on *Monday* the *8th* day of *May*, 19.., at 11 o'clock in the forenoon.

Dated this *4th* day of *April*, 19..

RICHARD COPE, Registrar.

The hearing fee must be paid before the action is called on.

N.B.—If you obtain a judgment against the defendant, all moneys ordered to be paid thereunder must be paid into court, and must not be received by you.

Legal forms are not as a rule remarkable for their simplicity, but at the foot or upon the back of every plaint note is printed certain important instructions to be observed by parties issuing summonses. They are couched in such simple terms that comment or explanation is unnecessary—

Bring this note when you come to the court or to the office for any purpose connected with this action. On the day of trial bring all books, etc., necessary to prove your case.

Money will be paid out of court ONLY on production of this note, and upon your or your agent's PERSONAL ATTENDANCE if you reside within the district.

If the defendant will sign a statement at the office of the registrar confessing that he owes you the money, or if you and he will sign an agreement at the registrar's office as to the amount due, and will consent to a judgment, you will only have to pay half the hearing fee.

If the debt or claim exceed five pounds you may have the action tried by a jury, on giving notice in writing at the registrar's office ten clear days before the day of trial, and on payment of eight shillings for the fees of such jury.

Summonses for witnesses and for the production of documents by them may be obtained at the office, upon payment of the proper fee.

LOST PLAINT NOTE.—This plaint note is required to be produced on each visit to the court. As, however, it occasionally happens that a plaint note is lost, it may be mentioned that a duplicate can be obtained upon a satisfactory explanation by affidavit being furnished as to the circumstances under which the original note became lost, and payment of a fee of sixpence. It must not be forgotten that a dishonest person finding a plaint note may possibly obtain payment of any sum of money standing in court to the credit of the action.

DEFAULT SUMMONS.—Attention will now be given to the default summons. If, after a comparison of the respective merits of the two classes of summonses, and being assured that prompt personal service can be effected and, further, that the party served is unlikely to attempt to resist the claim or to give notice of his intention to defend (which, it cannot be too often repeated, he

may do whether he has any real answer to the claim or not), the plaintiff decides to issue a default summons, the procedure will be found to be somewhat different.

PRÆCIPE.—The præcipe will present no difficulty, the only difference being that this document, like all documents appertaining to default summonses, is printed on salmon-tinted paper, whereas documents applicable to ordinary summonses are upon white paper. It will have been observed that upon the issue of an ordinary summons duplicate particulars of claim are not necessary unless the debt exceeds two pounds. In the case of a default summons these particulars are invariably required, however small the amount sued for may be.

AFFIDAVIT OF DEBT.—Again, upon the issue of an ordinary summons, an affidavit of debt is only required in cases where the party sued is not within the district of the court. In the case of a default summons, however, an affidavit has to be filed in every case before process can be issued. A “default” summons (so called because the “default” or failure of the party sued to intimate that he intends to defend the action gives the plaintiff the right to sign final judgment against him at the expiration of eight days from service of the summons) is issued without leave, provided the debtor resides or carries on business within the court district, (1) where the claim is over five pounds, and (2) if it is under this sum in cases where the sum sued for is in respect of the price or hire of goods sold or let on hire to the debtor to be used by him in the way of his trade or calling.

Where the claim is under five pounds, and the action is not in respect of goods sold to the debtor for use as above mentioned, the summons cannot issue without leave, which will be refused if the debtor is a domestic or menial servant, a labourer, a servant in husbandry, a journeyman, an artificer, a handicraftsman, a miner, or a person engaged in manual labour.

Where the debtor does not dwell or carry on business in the court district, leave must always be obtained. No leave will ever be given in cases wherein the occupation of the defendant is not clearly and correctly stated in the affidavit of debt.

From a careful perusal of the foregoing, it will be seen that the forms of affidavit in use upon default process vary considerably.

FORMS.—In the larger courts, separate forms are kept for each set of circumstances applicable, but in the small courts one form usually has to do duty for the whole, and needs altering accordingly. The clerks of the court are, however, always willing to render every assistance if properly approached, and usually will, on request, strike out any clauses in the form that may not be required. The position then is perfectly clear. If the required paragraphs of the affidavit cannot be deposed to, the defendant must, if out of the district, be sued in his own court, which may be done through the post, whether an ordinary or default summons is desired, by sending the proper papers, a postal order for the fees, and a stamped envelope to the registrar of the debtor's court.

The various forms of affidavit may be readily completed from a comparison with the example already given.

COURT FEES.—Having prepared the *præcipe*, particulars of claim, and deposed to the affidavit of debt (a copy whereof must be made for the debtor out of the district), the plaintiff must pay the court fees. These are usually a little more than upon an ordinary summons, as besides the fees charged upon that process there is a small fee—one shilling if the claim is under forty shillings, two shillings in other cases up to fifty pounds—for examining the allegations contained in the affidavit of debt.

SERVICE BY PLAINTIFF.—Another distinction between an ordinary summons and a default summons is that, whilst an ordinary summons does not require personal service, and is almost invariably served by the bailiff, a default summons, personal service of which is only in very rare cases dispensed with, may be, and usually is, served by the party issuing the process who can usually effect service much more quickly than a bailiff who may have a large batch of summonses to serve, each of which must take its turn. A plaintiff desiring to do this has to fill up the forms of summons in duplicate himself. Printed forms are supplied and all that is needful to be done to complete them is to fill in the names of the parties in the spaces provided at the head of the form, add the sum sued for and the fees paid in the money column, and conclude by dating the documents at the foot. The court clerk will then affix one copy of the particulars of claim to each summons, seal all the documents with the court seal and hand the summons in duplicate out for service, care being taken in cases out of the district to serve

the part having the copy affidavit, as well as the particulars of claim, attached.

PLAINT NOTE. DEFAULT SUMMONS.—A plaint note is handed over, as in the case of an ordinary summons, and acts as a certificate and receipt in the same way as previously described. Instead, however, of setting forth the date of hearing it intimates that unless the debtor within eight days from service of the summons gives notice of his intention to defend the action, final judgment can be signed against him, and that if he does give notice of his intention to defend, the plaintiff will be informed by post of the day and hour of the trial. The usual form of plaint note on a default summons is as under—

Searches made and money paid out of court on Mondays and Fridays only.	In the County Court of Wilts, holden at Bilton		No. of Plaint.
			X 14070
	Between		
	RICHARD BUTCHER, <i>Plaintiff,</i>		
	and JOHN HAMPDEN, <i>Defendant.</i>		
			Fees paid.
			£ s. d.
	Issuing Summons		6 0

The above action was entered this day, under Sect. 86 of the County Courts Act, 1888, and you will be entitled to judgment at the expiration of eight days from the date of the personal service of the summons, inclusive of the day of such service, unless the defendant gives notice of his intention to defend the action. Should such notice be given you will be informed by post thereof, and of the day and hour when the action will be tried.

Dated this 4th day of March, 19..

RICHARD COPE, Registrar.

N.B.—If notice of defence be not given, judgment must be entered within two months from the day of service of the summons, after which period the action will be struck out.

CERTIFICATE OF SERVICE.—Having, it is presumed, effected service without much difficulty, the person performing this act will fill in on the back of the remaining part of the summons the printed certificate of service which after proper completion should read as under—

The summons, of which this is a true copy, was served by me personally on the Defendant, *John Hampden*, at *Colne Cottage, Harford*, on the *14th day of March, 19..*

ARTHUR JONES,

Clerk to the plaintiff

This being completed, he will proceed to the court and having obtained a form of affidavit of service of default summons, will proceed to prepare same, filling in the blanks to correspond with the certificate of service above referred to.

AFFIDAVIT OF SERVICE.—The affidavit, with the blanks filled in, will then appear something as follows—

I, *Arthur Jones of 4 Bullock Street Bilton, Clerk to Richard Butcher of the same address Dealer the above-named plaintiff* make oath and say as follows : That I am a clerk in the permanent and exclusive employ of *the above-named plaintiff* and am over sixteen years of age]

That I did on the *14th day of March 19..* duly serve *John Hampden* the above-named Defendant with a summons a true copy whereof is hereunto annexed marked A (with copy affidavit annexed, if so) by delivering the same personally to the said Defendant at *Colne Cottage Harford*.

The affidavit, being duly sworn, is left, together with the original summons, at the court, and the course of events must now be awaited with patience. It may conveniently be mentioned here that this treatise deals only with the ordinary mode of procedure in simple trade debts. In actions upon bills of exchange, cheques, etc., certain special rules may apply, too technical to be discussed here.

COURSES OPEN TO DEBTOR.—Several lines of action are open to a defendant who has been served with a summons. He may, of course, pay the debt and the costs in full, and then the matter ends.

He may also allow judgment to go against him by default. He may pay part of the claim into court and at the same time deny all liability. If, then, the plaintiff at the trial of the action recovers a sum greater than that which has been paid into court, he succeeds on his claim and is entitled to the costs of the action. If, on the contrary, he recovers a sum which is either equal to or less than the sum paid into court, the defendant is entitled to costs, and he is awarded the same out of the amount paid into court, the difference, if any, afterwards being paid out to the plaintiff. Lastly, a defendant may raise what is called a special defence, that is, he may plead that he is not liable owing to the debt claimed being more than six years old, that he was an infant when it was contracted, that it is irrecoverable owing to the provisions of some statute not having been complied with, or something similar.

It has been assumed that if the plaintiff elects to issue a default summons he will serve it himself. If, however, he is content to allow the bailiff to serve it notice of service will be sent as follows—

NOTICE OF SERVICE.—You are hereby informed that the defendant was on the 4th day of *March*, 19.., served with the summons issued in this action.

JAMES JONES, High Bailiff.

To the plaintiff.

If the bailiff is unable to trace the defendant, a notice to that effect will be sent to the plaintiff. The form is as follows—

NOTICE OF NON-SERVICE.—Take notice, that the summons in this action has not been served, for the following reason :
Defendant moved.

JAMES JONES, High Bailiff.

To the plaintiff.

In the first case the plaintiff will, of course, attend the court and sign judgment eight days from the date of service. No affidavit of service is required where service is made by the court. In the second case endeavours to trace the debtor will be made.

Assuming that the defendant does nothing for eight days the plaintiff will proceed to the court and obtain and fill up a judgment form as under—

In the Bilton County Court

No. of Plant,
X 14070.

BUTCHER v. OWEN

I hereby request you to sign judgment by default against the defendant.

	£	s.	d.
Debt . . .			
Summons fee . .			
Judgment fee . .			
Paid into Court . .			
Amount due . .			

Summons served the

day of

19..

Signed.....Plaintiff.

And upon filing this form and paying a fee of 1s. in the £ on the amount of debt and costs judgment will be entered up against the defendant and the plaintiff will be at liberty to adopt any means available under the rules of the court, to enforce his judgment. Certain courts, however, enter up judgment upon verbal request only.

If, however, the defendant gives notice of his intention to defend, the plaintiff is powerless until the return day, which is usually as far off as if an ordinary summons had been issued in the first instance. The notice to the plaintiff runs as under—

Take notice, that the defendant has given notice of his intention to defend this action, and that the same will be tried at a court to be holden at Bilton on *Monday, the 1st day of January, 19.., at 11 o'clock in the forenoon.*

RICHARD COPE, Registrar.

To the plaintiff.

PREPARATION FOR TRIAL.—An ordinary summons having been issued and no notice of non-service or of doubtful service (in which

case it must be proved that the document has come to the debtor's knowledge) having been received, or a defendant to a default summons having given notice of his intention to defend, the duty now arises of preparing the case for trial ; in other words, all the available evidence has to be collected and made ready for presentation to the court on the day fixed for hearing. Of course, if a default summons has been issued, no further proof of debt will be required, in the absence of the defendant, than the affidavit already filed. It is, however, otherwise in the case of an ordinary summons. The existence of the debt will have to be proved whether the defendant appears or not.

EVIDENCE REQUIRED.—If the action is for the price of goods sold and delivered the order must be proved, also the fact that the goods got into the debtor's possession. If the order was taken verbally the official taking it must be called ; if it was received by post the document must be produced. If delivery were effected by messenger or carman, that individual must be in attendance ; if the goods were put on rail for delivery the handing over of them to the railway company must at least be shown. Apart from this it is hardly necessary to add that any correspondence between the parties, and particularly any letter from the defendant admitting the debt, must be available, together, if possible, with proof of his handwriting.

PROOF LIES ON PLAINTIFF.—It cannot be too strongly emphasised that it is for the party bringing an action to prove his case, and he must not rely on the chance of the other party being absent to establish this. When both parties appear and the debtor denies the charges against him the matter resolves itself into a case of oath against oath, and unless the plaintiff has ample corroboration of his story, whether in the shape of employees' evidence, or letters from his opponent, to substantiate his allegations, he is not entitled to succeed. As a general rule, in simple actions for the price of goods delivered, very little preparation for trial outside the plaintiff's own office will be necessary.

There are, however, two difficulties in which a party to pending proceedings may find himself. Firstly, a material and necessary witness, say for example, a vanboy who delivered part of the goods sued for, may have changed his employ, or have been dismissed, and especially in the latter case, may be very unwilling to attend court

to give evidence. Secondly, the production of some document in possession of the other side may be desired at the trial and willing production may be entirely out of the question.

SUMMONING A WITNESS.—In the first case, the difficulty may be overcome by serving upon the unwilling witness a summons or subpoena for his attendance, which may be issued without any difficulty at the court on payment of sixpence. The actual form of subpoena depends on whether it is desired that the witness should give oral evidence only, or whether he is required, in addition, to produce documents. The subpoena is usually served by the party concerned, although some courts insist upon this duty being performed by the bailiff, of course for extra remuneration. Upon service of this subpoena sufficient "conduct money" must be tendered. Even if the witness reside next door to the court this must not be omitted. The sufficiency or otherwise of the sum tendered is a question for the court if any dispute arise. In cases where the witness loses no time from work or where he is friendly but desires a subpoena as a matter of form, one shilling is usually tendered.

NOTICE TO PRODUCE DOCUMENTS.—In the second case, namely, when it is desired to secure the production at the hearing of a document, production of which it is known will if possible be evaded by the debtor in whose possession it is, the procedure known as "Notice to Produce" assists a creditor. This notice must be compiled and served at the defendant's address before 6 p.m. (Saturdays, 2 p.m.). It may be in the form of a letter and usually runs as under—

Dear Sir,

Re my action against you.

Take notice, that you are hereby required to produce and show to the court on the trial of this action, all books, papers, letters, copies of letters, and other writings and documents in your custody, possession, or power, containing any entry, memorandum, or minute relating to the matters in question in this action, and particularly letter from myself to you dated 14th March, 19..

Invoice sent by me to you of same date (as the case may be).

Dated this 10th day of January, 19..

RICHARD BUTCHER.

DISCLOSURE OF DOCUMENTS, ETC., BEFORE TRIAL.—In addition to the two modes of procedure above mentioned, there are various other methods devised for the assistance of parties ; for example, "Discovery," whereby a party to action is compelled to disclose on oath what documents relating to the matters in dispute are in his possession. There may also be mentioned "Interrogatories"—a series of questions put by one party, by leave of the court, to the other, with the object of forcing from the party interrogated admissions upon oath for the assistance at the trial of the party interrogating. It would, however, be next to impossible to carry safely through to trial an action involving either one or both of these methods of procedure without skilled assistance, and a party having acted in person up to a certain stage finding himself faced with difficulties of this kind cannot hope to proceed further by himself with any chance of success. If the matter in dispute is to be persisted in, legal assistance becomes an immediate necessity.

THE TRIAL.—It will now be taken for granted that all the preliminary stages of the case are over and the day of trial has arrived. Having borne in mind the instructions on the plaint note and having all the necessary witnesses in attendance at the court, the party in charge will seek out the desk marked "hearing fees" and pay a fee equal to two shillings in the pound on the amount claimed. In some courts, and where a default summons has been issued, only half the fee is demanded, until it is apparent that the claim is contested, when the balance has to be tendered.

The fees paid, a seat is found in the Registrar's Court, where all cases are first called on. A party in waiting will naturally keep his eyes and ears open, and by watching the progress of the business, get a good idea of what will be required of him when the case in which he is concerned is called on.

IN THE WITNESS-BOX.—The case being called on, the party in charge will enter the box marked "Plaintiff" and will be sworn. The registrar will examine the court papers placed ready to his hand by his clerk, and after asking the witness his full name and whether he is the party suing or a clerk in that person's employ, will enquire if the debtor owes the sum sued for, the answer to this question being of course in the affirmative. Where the debtor does not appear this ends the matter, except for the question of at what rate payment should be made. The temptation to ask for an order

that the debt and costs may be discharged at once, is great, but it must be resisted. If the debtor is really in a position to liquidate the full amount at once, well and good, but if not, the most prudent course is to obtain an order for periodical instalments, on the failure of any one of which a judgment summons (explained in detail hereafter) may be issued, and eventually payment of all, or nearly all, the debt obtained.

If a debtor appears and pleads inability to pay he may be questioned as to his means before an order is made against him.

JUDGMENT.—Having heard the evidence in proof of debt, if any, and the statements as to means, the registrar intimates his decision to the parties.

If the case is undefended the return of about one-half of the hearing fee can then be obtained on application to the clerk of the court.

TRIAL BEFORE JUDGE.—Where however an action is defended, the registrar has usually no power to decide the matter, but it is referred to the judge. Seeing both parties before him the registrar often turns at once to the debtor, asking if he owes the sum sued for, the answer being in the negative. The parties then stand down until the judge arrives, or if he sits in another court, attend there when the case will be again called, the evidence on both sides will be carefully heard, and the matter decided.

CROSS-EXAMINATION.—It should be remembered that each party has every opportunity of questioning the other, and every effort should be made to treat a debtor fairly whilst he is in the witness-box. Such a course of action is never lost on the judge, who will always see that a debtor who has put in an appearance for the mere sake of harassing his creditor, rather than raising any *bona fide* defence, is kept within bounds.

WITNESSES' EXPENSES.—The case over, the successful party will ask that the expenses of his witnesses may be allowed, a request usually granted as a matter of course. If, however, a witness has come some distance, so that he cannot return the same day, this fact should be mentioned so that adequate allowance may be secured. These expenses, plus payment for loss of time, will be added to the debt. The court fees need cause no concern. These are added as a matter of course.

PAYMENT INTO COURT.—The action having resulted successfully, it now remains to be seen whether the debtor will comply with the order for payment made against him. If he does and pays money into court (the money should not be paid to the creditor direct), notice will be sent to the party obtaining the judgment, who will sign the form of authority below—

In the Bilton County Court

Plaint No. X 14070.

BUTCHER *v.* OWEN

Please pay to the bearer hereof all moneys in court in this action.

Dated this 4th day of January, 19.:

(Plaintiff's Signature.)

PAYMENT OUT OF COURT.—Attendance will then be made at the court on a "paying-out" day, (a list of which is usually found printed on all plaint notes,) for the purpose of obtaining payment. A receipt must be given (stamped if the sum received is over two pounds) by signing the court books. If the sum paid out is the total sum due, or a final instalment, the plaint note is retained, otherwise it is returned to the plaintiff for future use. Payment through the post may be obtained in certain cases.

METHODS OF ENFORCING A JUDGMENT.—If the order of the court is disregarded by the debtor there are various ways in which the court will assist a person who has succeeded in an action, to obtain the fruits of his victory. Three methods especially command notice, namely, (1) execution, (2) judgment summons, (3) garnishee proceedings.

1. EXECUTION.—By execution is meant the seizure of the goods of the debtor, which goods are, if necessary, sold by the court and the amount of the judgment and costs realised paid over to the plaintiff, after allowing for the costs of possession and sale. Before deciding, however, to issue an execution, there are several questions to be considered. In the first place, the creditor should be satisfied that the goods (usually furniture) proposed to be seized are of sufficient value to realise much more than the debt, so as to provide for the costs of the sale. And, secondly, he must be perfectly certain that the goods are the actual property of the defendant. It cannot

be too carefully recollected that nothing can be taken in execution which is the property of any person other than the debtor.

It is well to point out here that it is not because the defendant lives in a large house which is elaborately furnished that it is to be presumed that the furniture is his own property. At the present time, when the hire-purchase system is so much in vogue, it is quite possible that hardly a single article in the house is the debtor's own. If, then, an execution is levied, the plaintiff, on being met with the owner's demand, must at once withdraw, though he may elect, if there are only a few instalments due upon the goods, to pay what is owing and then realise his debt by a sale.

Thirdly, a defendant may be in arrear with his rent. Notice of the fact will be given without delay and it is open to the creditor either to abandon the execution at his own expense, or to pay out the claim, and allow the matter to proceed.

ADVERSE CLAIMS.—It is well to bear in mind that the goods proposed to be seized may be claimed by some other person, possibly the debtor's wife. Claims made in these circumstances, and in particular those put forward by a relative of the debtor, are justly regarded with suspicion. In these cases it is open for the execution to be withdrawn, or for notice to be given disputing the claim made. In the latter case what is known as an "Interpleader" follows. Proceedings of this nature are entirely beyond the scope of the present work, and need skilled intervention by a legal practitioner able to sift the claim to the bottom. Shortly, however, it may be stated that the claimant endeavours to prove his or her title to the goods in question and the creditor who has issued the execution endeavours to refute the assertions made.

It is also possible that the goods may be covered by a bill of sale, and if upon search being made at the county court or bill of sale office a bill of sale is found registered against the debtor, the wisest course, unless the creditor desires to incur further expenditure in testing the validity of the document, is to abandon any idea of proceeding by way of execution.

HOW EXECUTION IS LEVIED.—A plaintiff having made up his mind to proceed by way of seizure of the debtor's goods, will proceed to the county court, and will obtain and fill up a form of "Instructions for Execution." After having filled up his *præcipe* on issuing action no difficulty can be experienced in filling up this simple

form. The actual amount for which the warrant is to issue will be filled up by the clerk of the court. This præcipe, duly filled in, the plaintiff will hand to the clerk of the court with the fees, which will then be marked on the plaint note and the execution will be levied by the court, which will, if the execution realises the amount for which the warrant was issued, or any part thereof, communicate that fact to the plaintiff, or he may ascertain at the court from time to time what progress events are making. It should be borne in mind that when a judgment is for a sum payable by instalments, execution may, on the failure of one instalment, be issued for the whole of the balance remaining due. Leave is required to issue execution in certain special cases.

(2) JUDGMENT SUMMONS.—The second of the three methods mentioned above which a plaintiff may adopt in order to enforce his claim is by issuing what is called a judgment summons. This summons, as its name implies, is a summons issued after judgment and calls upon the debtor to attend at the court and submit to an examination as to his means, and also to show cause why he should not be committed to prison for his default in making payment. A plaintiff wishing to issue a judgment summons without obtaining special leave must usually do so within four months of the judgment being pronounced. A judgment summons is issued by the plaintiff attending at the court and filling up the following form—

In the County Court of Wilts, holden at Bilton

No. of Plaint, X 14070.

Plaintiff's name in full :

Richard Butcher,

Plaintiff's residence and
occupation :

*4 Bullock Street, Bilton,
Dealer.*

Names of all defendants in full :

Arthur Owen,

Residences or places of business
of defendants, with the Nos.
of the houses, and occupations.

*Derby Street,
Cotsford,
Clerk.*

I apply for the issue of judgment summons against the above-named defendant in respect of a judgment [or an order] of this court, dated the 9th day of May, 19, .

And I undertake to prove to the satisfaction of the court at the hearing, that the judgment debtor has, or has had since the date of the judgment [*or order*], the means to pay the sum in respect of which he has made default, and that he has refused or neglected, or refuses or neglects, to pay the said sum.

I am aware that if I do not prove the same accordingly I shall have to pay the costs of this summons.

R. BUTCHER, Judgment Creditor.

At the foot of this form there is a schedule of figures, which is filled up by the clerk at the court. This gives the debt, adds the costs, deducts any sum realised by execution or otherwise, and shows how the sum for which the judgment summons is issued is arrived at. The fees payable are very small.

JUDGMENT DEBTOR OUT OF THE DISTRICT. —Where, however, the judgment debtor does not reside, and neither carries on business nor is employed within the jurisdiction of the county court where the judgment was obtained, the judgment summons will not be issued without the leave of the registrar being obtained, and upon an affidavit being sworn setting out the particular circumstances. No affidavit is required if the plaintiff gives a satisfactory undertaking to pay the travelling expenses incurred by the judgment debtor in coming to the court.

SERVICE.—A judgment summons is usually served by the plaintiff, and an affidavit of service has to be filed immediately after the service. The form of the affidavit is very similar to that of affidavit of service of a default summons, an example of which has already been given. Service should be effected at least a week before the hearing, but in certain special circumstances, and particularly if the removal of a debtor is pending, this rule may be relaxed.

ENFORCING ATTENDANCE OF DEBTOR.—The attendance of the defaulting debtor for the purpose of cross-examination may be secured by issuing a subpoena for his attendance and by tendering him his expenses to the court when service of the judgment summons is effected; should he fail to attend he may be severely dealt with by the court.

HEARING OF JUDGMENT SUMMONS.—Of the actual hearing of the judgment summons little need be said. The creditor endeavours

to prove that the debtor can pay but refuses to do so, whilst that person maintains usually, that whilst perfectly willing to liquidate the debt due, he is totally unable to provide the necessary funds. It need scarcely be observed that no order will be made, unless evidence of means is adduced, and this especially applies where a committal order is pressed for.

EVIDENCE OF MEANS.—Witnesses may be summoned to give evidence upon the hearing of a judgment summons in the same manner as in an ordinary action, and this facility is often taken advantage of. One word of caution is, however, necessary. If it is desired to establish the exact amount of wages earned by a debtor endeavour if possible not to subpoena a fellow-workman of the same grade. If the attendance of a witness is absolutely necessary in this connection, that gentleman should be recruited from the cashier's department, if possible, and requested to bring the necessary documentary evidence in the shape of the firm's wages book with him.

COMMITTAL.—If a committal order is obtained and payment is still withheld, the debtor may be arrested by the bailiff on the request of the creditor and upon payment of a small fee, and when the joint efforts of both creditor and bailiff have succeeded in locating their quarry, he will be lodged safely in one of His Majesty's gaols until he either pays the amount for which the warrant was issued or serves his term of imprisonment.

No debtor can be committed to prison twice for the non-payment of the same instalment, but a fresh committal order may, in cases where payment has been ordered by instalments, be obtained on due proof, on each occasion, of means to pay.

(3) GARNISHEE PROCEEDINGS.—A third method by which payment may be enforced is by means of what are known as "Garnishee proceedings."

It may be stated shortly that garnishee proceedings is the legal name given to that special procedure by which a plaintiff who has obtained a judgment against the defendant, which judgment is wholly or in part unsatisfied, may, if he is fortunate enough to find a third party who is indebted to the defendant in any sum, obtain an order of the court compelling such third party to pay such sum or (if his indebtedness is larger) a sum sufficient to satisfy the judgment debt and costs, as it were, over the defendant's head

direct to the plaintiff. These proceedings may very properly be entrusted to a solicitor, as the question of what debts may or may not be garnisheed is one of some nicety. It may be said, however, shortly, that these proceedings, which are not of frequent occurrence, are issued upon a *præcipe* and affidavit (which must recite the judgment and the amount due thereon and the fact of the garnishee's indebtedness to the judgment debtor) being filed in the court in which the person in whose possession the money sought to be attached carries on business. If this is in a different district from that in which the judgment in the action was obtained, a certified copy of that document must be furnished also.

A form of affidavit may be obtained at the court.

Of course, if it should turn out that the garnishee was not, at the moment the summons against him was issued, indebted to the defendant, then the person issuing the proceedings against the supposed garnishee runs a great risk of being condemned in costs.

SUMMONS AND HEARING.—On the papers before mentioned being filed and fees paid, the court prepares a form of summons against the third party (the garnishee) and from the moment that such summons, which will usually be served with all speed by the plaintiff, reaches his hands, he dare not pay the money in question over to the defendant, unless and until it is decided by the court that he may properly do so. If the third party admits owing the debt to the defendant he will usually pay it into court. He is generally allowed to deduct a small sum for his costs. On the hearing of a garnishee summons it must be proved that the debt is owing by the garnishee to the defendant, and the court will, if the debt is such that it may properly be garnished, order the debt to be paid by the garnishee to the plaintiff. A particular instance of garnishee proceedings is that of a bank, which is frequently garnished by plaintiffs, who are fortunate enough to find out (1) where their debtor banks and (2) that he has a balance there.

CONCLUSION.—It is believed that a careful perusal of this chapter will enable the reader to master without difficulty the routine prescribed in the county court for the recovery of those debts usually incurred in commercial and trading circles.

QUESTIONS

1. What matters are usually referred to the jurisdiction of the county court ?
2. How would you decide as to the proper court in which to start proceedings ?
3. How many kinds of summonses are there ? Name them, and state how they differ from one another.
4. Explain the steps to be taken in issuing (a) an ordinary summons ; (b) a default summons.
5. What courses are open to a debtor who has been served with a summons ?
6. What evidence is required in an action for the price of goods sold ?
7. Briefly describe the procedure necessary in conducting an action in the county court from the issuing of the summons to the judgment being given.
8. In the event of a debtor disregarding the judgment of the court, what steps may a creditor take to enforce the judgment ?
9. What is meant by " Execution " ? How is it levied ?
10. What points should a creditor bear in mind before issuing " Execution " ?

THEORY AND PRACTICE OF COMMERCE

PART II

CHAPTER XXI

INTERNATIONAL TRADE

INTERNATIONAL TRADE.—The trade between different countries is undeniably one of the most attractive subjects of commercial study, and modern international politics hinge more upon commercial interests than anything else. Actually, the foreign trade of a country is usually not nearly so important as the internal or domestic trade, but it is practically impossible to compile any statistics relating thereto because how is one to distinguish between an exchange of goods between individuals in the same city, and a trader in London and one in Edinburgh? To many people so much, and rightly, impressed with the magnitude of our foreign trade, this statement may well appear somewhat startling; but a little reflection will show us how arbitrary and how much a thing apart foreign trade is. We read, perhaps, that the export trade of Belgium during a given year was so many millions and the total export trade of Holland was another number of millions. With each of these countries the German Empire does an enormous trade, the figures of which are, of course, included in the millions of pounds representing Germany's annual exports and imports. Suppose, now, that Belgium and Holland were to unite with Germany, the foreign trade returns of Belgium and Holland would, of course, disappear from international statistics. At first sight it would appear that the Belgian and Dutch totals would merely be transferred and added to Germany's figures; but this would not be the case, for Belgium and Holland being then part of the German Empire, all the enormous trade that takes place between Germany and Belgium, Germany and Holland, and Holland and Belgium themselves would disappear from the statistics relating to the

world's foreign trade, and although the merging of the three countries in one would probably largely stimulate trade between those different portions of the country, it is extremely probable that for a few years the export and import figures of the new political unit would be inferior to the totals of the three separate countries.

This fact, which we have never seen pointed out before, is here set out to prevent the student from attaching too great importance to international trade figures. It would, however, be a mistake to go to the other extreme and attach too little importance thereto. If a country were entirely self-supporting, producing within its boundaries all the requirements of its population, it could probably subsist without any foreign trade whatever; but as, owing to climatic and other conditions, this is out of the question, although some countries are undoubtedly nearer that happy position than others, the exchange of commodities must take place, for in the long run a nation can only pay for products and commodities which it imports by means of products and commodities which it exports. Therefore, in international trade, we see a balancing of these mutual requirements, payment by means of money or gold shipments being merely the final adjustment between the different nations. These are bullion or specie shipments, and leaving them out of account, the constituents of the export and import trade may be divided to follow the classification adopted by the Board of Trade as follows—

- (1) Food, drink, and tobacco.
- (2) Raw materials and articles mainly manufactured.
- (3) Articles wholly or mainly manufactured.
- (4) Miscellaneous and unclassified (including Parcel Post).

In new and sparsely populated, and consequently not highly developed, countries such as Canada, Mexico, Argentina, Brazil, the greater part of the industry of the country consists of agriculture, the breeding of cattle and sheep and the production of other raw materials such as cotton, wool, and the gaining of minerals, such as gold, silver, iron, coal, etc. These the population produces far in excess of its own needs, but, on the other hand, has to satisfy most of its other requirements such as clothes, tools and implements and manufactured articles by means of imports from other countries producing these articles. As a country becomes more developed

and more densely populated it lessens its exports of raw materials, requiring them for home consumption, and increases its activity in the direction of manufacturing within its own borders the goods required. A perfect state of equilibrium in this respect is never attained, if only for climatic reasons. As regards the older countries such as the United Kingdom, Germany, France, Belgium, etc., with large populations, the home production of raw material is not sufficient for the requirements of the population, so that exports of this class of commodity from such countries are insignificant. On the other hand, by virtue of skill begotten of generations of experience, such countries are usually able to produce manufactured articles of superior quality, and these constitute the major portion of the exports which pay for the imports (1) of the raw materials destined to be worked up into manufactured articles, and (2) of the food stuffs in excess of the home production which require to be imported to feed the teeming population of these countries. Of course any such general statement as this may require to be qualified in the case of a particular country where the natural climatic conditions are of a special nature, as for example, in the case of France, where the wine production is of the greatest importance and constitutes a very large item in the export trade.

BALANCE OF INDEBTEDNESS.—It is not to be expected that the value of the exports from one country to another, say from the United Kingdom to the United States, shall exactly balance the value of the imports from the United States into the United Kingdom, and the superficial result would be, of course, that on balance, the latter had to pay the United States so many millions sterling per annum. As will be shown later, this is not necessarily the case, but supposing it were so, it could still be balanced by the fact that we exported more to, say, India, than we imported from that country, in which case we could pay the United States what we owed, by means of the sum which India owed us, each country adjusting its indebtedness in this fashion until one arrived at the final balance, which would have to be adjusted by shipments of gold. It really does in the long run work out to something like this, the operations of the banks and bill brokers constituting a sort of international clearing house, the fluctuations in the foreign exchanges being part of the machinery by which the ultimate adjustment is arrived at. It must, however, be stated that in

practice the simple operation of these causes is affected by the fact that many countries borrow large sums of money abroad in the shape of interest-bearing loans, which, of course, may result in gold shipments being made from a creditor country to a debtor country.

A study of tables of international trade reveals what to many a student is a paradox, namely, that precisely those countries which he has considered to be the most prosperous, such as the United Kingdom and Germany, have apparently an adverse balance, that is to say, they import much more than they export. "If they buy much more than they sell, how can they be so prosperous?" he thinks. This seeming anomaly is explained by a number of circumstances. First of all, the discrepancy between the exports and imports is not so enormous as it appears, because exports are declared at the value at which they are delivered free on board the vessel, whereas by the time imported goods reach the country, there has to be added to their value the cost of freight and insurance. This of itself would not, however, be sufficient to counterbalance the apparent adverse balance of trade in the case of countries like the United Kingdom and Germany, and the explanation is to be found in what is technically known as "invisible exports," because they have the same effect as real exports in paying for imports. Among such invisible exports are (1) the amounts earned by our mercantile marine, which acts largely as the world's carrier; (2) interest on the thousands of millions of pounds invested abroad; (3) the amount spent by foreign visitors in the country. These are probably the principal of the invisible exports of a country, but numerous others, varying, of course, in accordance with different countries, might be cited. For example, a Sarah Bernhardt with a company tours the world and goes back loaded with triumphs of an intellectual, and also a more tangible, character. The hundreds of thousands of pounds thus diverted into France represent the equivalent of a very considerable amount of French exported goods, or in other words France is thereby in a position to import so much more products in excess of her exports of commodities.

CUSTOMS DUTIES.—These are a tax levied upon imports, and on page 325 is a list of the principal duties of this description prevailing in the United Kingdom at the end of the financial year 1916-17.

EXCISE.—In addition to such duties, many countries have what is known as an excise duty, viz., a tax levied upon certain manufactures. In the United Kingdom excise duties are levied upon tobacco, beers and spirits. The excisable articles are usually tested by an inspector (Excise Officer).

DRAWBACKS.—It is clear that if an excise duty were levied upon things intended for export, it would constitute a severe handicap on the country's exporters of excisable articles as compared with foreign exporters; consequently where excisable goods are exported the amount of the duty is refunded or allowed, such allowance being known as a "drawback."

TARIFFS.—A list or schedule of import duties is known as a tariff. In the case of the United Kingdom the import duties are levied solely for purposes of revenue, this being in accordance with the policy of Free Trade, the theory of which is that full competition should be permitted between foreign producers and home producers,

Rate.	Head of Duty.
102s. 36-gals.	Beer, Mum, and Spruce
25s. 6d. 36-gals.	Beer of other sorts
39s. 8d. cwt.	Chicory
$\frac{1}{2}$ d. per linear foot	Cinematograph Films
$33\frac{1}{3}\%$ of value of article	Clocks, Watches, and component parts
42s. cwt.	Cocoa
6s. cwt.	Cocoa Husks
$4\frac{1}{2}$ d. lb.	Cocoa Butter
42s. cwt.	Coffee
2s. cwt.	Currants
10s. 6d. cwt.	Figs, Dried Plums, French Plums, etc.
3s. 6d. for every 10,000	Matches
15s. 1d. gal.	Rum and Brandy
$33\frac{1}{3}\%$ of value of article	Motor-cars, including bicycles and tricycles
6d. gal.	Motor Spirit
$33\frac{1}{3}\%$ of value of article	Musical Instruments
6s. 9d. to 14s. cwt.	Sugar
6s. $4\frac{1}{2}$ d. cwt.	Molasses
8s. $10\frac{1}{2}$ d. cwt.	Glucose
4s. 6d. oz.	Saccharin
10d. cwt.	Condensed Milk and Articles containing Sugar
1s. lb.	Tea
5s. $6\frac{1}{2}$ d. lb.	Tobacco
10s. 6d. lb.	Cigars
1s. 3d. gal.	Wine
3s. 9d. doz. pks.	Playing Cards

the latter having in effect a slight advantage in that they are on the spot and do not (or should not) have to bear so heavy a cost for transport. By this means it is claimed that the mass of the population is enabled to obtain its requirements in the cheapest manner, and the formation of trusts and combines with the object of unduly raising prices to the consumer is rendered difficult.

PROTECTIVE TARIFFS.—In the case of several countries, however, the tariff is levied only partly for the purpose of obtaining revenue, its main purpose being artificially to restrict the imports of foreign manufactured goods, so as to foster and encourage home industries. This is manifestly not the place to enter into an argument as to the respective merits of Free Trade and Protection. Needless to say, a protective tariff is a much more complicated thing than a tariff levied for revenue purposes only, everything having to be classified and subdivided. The extent of the duties on imports varies in different countries, and the British Board of Trade publishes bulky blue books from time to time giving the foreign tariffs in detail. In Russia, for instance, many duties are well-nigh prohibitive, whereas in Germany and France they are less onerous, although here in many cases they render foreign imports in some classes very difficult. Generally speaking, a country has two or three scales of duties—a conventional tariff and a higher one. The conventional tariff is for use in ordinary cases, and the higher one in cases where there is a conflict with another country as to reciprocal terms, and the high tariff is used as a weapon to hinder to the utmost imports from the country with which the dispute has originated. The relationship of one country to another in these matters is determined by commercial treaties, and between some countries—the United Kingdom in particular being usually a party to this agreement—there exists what is known as the

MOST-FAVoured-NATION CLAUSE.—This means that if a country, with which we have a Most-Favoured-Nation clause, as a result of bargaining with another country, grants such country any special privilege or concession in connection with its exports, the same privilege or concession shall, *ipso facto*, be extended to similar exports from the United Kingdom.

BOUNTIES.—Sometimes to encourage or to stimulate an industry, a Government gives bounties on the production. For example, Bismarck, to encourage beet-sugar cultivation in Germany, and to

keep a race of stalwart peasants on the soil, caused the Government to give bounties for every ton of sugar produced. In Canada and many other countries, bounties of so much per ton of iron and steel manufactures are granted in order to induce manufacturers to construct factories and support industries.

SUBSIDIES.—Another frequent means of rendering assistance to a new or struggling industry is to grant a single or an annual subsidy for a certain period to an undertaking. This is done largely in Hungary, for example, a country almost wholly agricultural, in which the Government is very desirous of creating industries. The practice is very common in “new countries,” such as Mexico, Brazil, etc.

DOCKS AND BONDED WAREHOUSES.—It is to be presumed that most of our readers are familiar with the use of docks. Here ships load and unload, and in the vast warehouses which line the basins are stored the greater part of the imports until such time as they are forwarded to their final destination. As can readily be seen, the payment of duties on some cargoes of highly-taxed commodities, such as tobacco, tea, etc., involves the payment of large sums, and if no provision to the contrary were made, an importer might be called upon to find a large sum of money to pay duties on consignments long before he had sold them, or, indeed, on consignments which came to this country merely for transshipment to another. By means of the bonded warehouse this difficulty is overcome. This is under the supervision of the customs officials, and in it are stored dutiable articles until the duty has been paid, or until they are re-exported. If, for example, a merchant has various consignments of tea sent to London, and a fortnight later sells them to Holland, he may blend them within the warehouse and then sell them to Holland without having to pay any duty, the tea in such cases being shipped direct “out of bond.”

For statistics regarding trade see Appendix.

QUESTIONS

1. What do you understand by the term “International Trade”?
2. “A nation can only pay for products and commodities which it imports by means of the products and commodities which it exports.” Explain the meaning of this.

3. The Board of Trade classify imports and exports in four classes. What are they?
4. What are the circumstances that lead to an international exchange of products?
5. Give a definition of the term "Balance of Indebtedness."
6. What accounts for the apparent discrepancy between the value of exports and imports?
7. Specify twelve important articles of export.
8. State a few of the articles of import on which customs' duties are levied.
9. State the difference, if any, between customs' duty and excise duty.
10. What is a drawback?
11. Write a short account of (a) Protective Tariffs; (b) Most-Favoured-Nation Clause; (c) Bounties; (d) Subsidies.
12. For what purpose are bonded warehouses used?

CHAPTER XXII

THE BOARD OF TRADE—CHAMBERS OF COMMERCE— CONSULS

BOARD OF TRADE.—In an age when one is accustomed to find a number of books dealing with every single subject under the sun, it is surprising how little appears to have been written regarding the history, organisation and functions of our large Government departments. As a matter of fact, we do not know of any book devoting more than two or three hundred words to the great Government Office known as the Board of Trade.

The history of this department appears to date from the year 1660, when Charles II created two separate councils for Trade and Foreign Plantations. In 1672 these were consolidated into one department, which was abolished three years later, but came into existence again in the year 1695. In 1782 it was again done away with, but in the year 1786 the existing department was created as a permanent committee of the Privy Council. The whole history of the United Kingdom shows how organisations corresponding to the requirements of modern times have been grafted on to old-time institutions, and, instead of there being, as is the case in most European countries, and as has repeatedly been urged by the Associated Chambers of Commerce of the country, a Minister for Trade and Commerce, the commercial interests of the country are still in the hands of a board, the ex-officio members of which are a President, the Lord Chancellor, the Archbishop of Canterbury, the First Lord of the Treasury, the Chancellor of the Exchequer, the Speaker of the House of Commons, and various other gentlemen. It should not be inferred from these remarks that the Board of Trade does not satisfactorily fulfil its functions, for in actual practice it is, like most Government departments, managed by able permanent officials and a Cabinet Minister, who occupies the post of President of the Board of Trade.

Naturally enough, the Board of Trade is constantly growing in importance. Its work is not so much of an administrative nature, as is the case with the other great Government departments, the Local Government Board, the Board of Works, the Board of

Agriculture and the Board of Education, but its functions consist largely in regulating industries. The department deals not only with trade itself, but with the principal agencies of trade, and particularly with transportation, both by sea and land.

To give a general notion of the activities of the Board of Trade, it may be said that its four main functions are as follows—

- (1) Collecting information.
- (2) Registration.
- (3) Inspection.
- (4) Authorisation of undertakings of a public nature.

The collection of information includes the compiling of the elaborate statistics relating to the United Kingdom, the Dominions, and foreign countries, which are published by the Government; the monthly and annual trade returns; statistics relating to railways, agriculture, cotton, and emigration. The annual railway returns compiled by the Department are most comprehensive and appear in a blue book of about one hundred pages, in which details as to mileage, capital, passenger traffic, goods traffic, receipts, profits, dividends, etc., of every single railway company in the United Kingdom are given, besides a general report on the progress of the railways during the year. Its activities are not confined to mere routine work, special reports being issued from time to time. Probably most valuable and certainly most quoted of all are the monthly and trade statistics issued by this department. These monthly trade returns, or to give them their full title, the Trade and Navigation Returns, are issued as soon as possible after the end of every month, and, in their summarised form are immediately published in all the newspapers. From them it is possible to tell the general progress of the trade of the country both in bulk and value, and they give in great detail the quantities and values of our imports and exports to and from every other country. The monthly returns show the figures for the last month and at the same time the figures for the year up to and including the last month. At the commencement of the reports is given a summary under the different headings into which the full return is divided.

Under the second function, viz., registration, is to be included the vast task of keeping account of all the joint-stock (limited

liability) companies, examining and recording patents and trade marks, keeping a register of ships and seamen and maintaining the standards of weights and measures. The conduct of bankruptcy cases is also in the hands of the Board of Trade.

Under the third function, viz., inspection, may be grouped the inspection of merchant vessels to insure their being in a seaworthy condition, and that they are properly laden and equipped; also the control over harbours and railways with the right to make enquiry into the occasion of disasters at sea and railway accidents. It also makes regulations as to the accommodation and capacity of passenger vessels, and as to the examination of ships' captains and mates.

As regards the fourth function of the Board of Trade, viz., authorisation of undertakings of a public nature, it exercises control over new railways, tramways, gas, water and electricity undertakings by means of provisional orders, which it prepares after investigation, and hearing statements of interested parties for and against, such orders afterwards being submitted to Parliament for confirmation. The by-laws of every railway company, tramway company and similar concern must be sanctioned by the Board of Trade.

The Board of Trade exercises administrative control over light-houses, buoys and beacons, which are maintained by Trinity House, an ancient corporation composed of self-elected brethren, but financially under the Board's control. The Board of Trade also receives, examines, and presents to Parliament annually the accounts of life assurance companies.

Until 1918, the Board of Trade was divided into six departments, viz., Commercial, Labour and Statistical Department; Railway Department; Marine Department; Harbour Department; Financial Department; Exhibitions Department; but when the reorganisation (referred to below) took place, many changes were made.

Although very valuable assistance had been rendered to commerce by the Board of Trade, many business men were of opinion that its sphere of usefulness might be considerably extended. During the great European War, which commenced in 1914, much attention was given to the subject of restoring the business interests of the country when hostilities ceased. It was realised that, after

the war, much greater demands than heretofore would be made on the Board of Trade, and it was essential that steps should be taken to strengthen and improve the organisation of the Department with a view to affording the assistance required for the maintenance of our commercial and industrial position. With this end in view, a small committee was appointed and a scheme of reorganisation was framed, which it is believed will increase the efficiency of the department and adapt it for meeting the growing demands upon it in the future.

The following (extracted from the *Board of Trade Journal*) is a description of the principal features of the scheme—

The work of the Board of Trade will be organised in two main divisions or departments, viz., the Department of Commerce and Industry, and the Department of Public Services Administration.

The Department of Commerce and Industry will be mainly concerned with the development of trade, with vigilance, with suggestion, with information, and with the duty of thinking out and assisting national, commercial, and industrial policy.

The Department of Public Services Administration will be primarily engaged in the exercise of statutory and other administrative functions of a permanent nature with regard to trade and transport. It will, therefore, include the work formerly performed by the Marine, Railway, Harbour, Companies, and Bankruptcy Departments.

DEPARTMENT OF COMMERCE AND INDUSTRY.—The Department of Commerce and Industry will be concerned with a great number and variety of matters, and will accordingly be sub-divided into a number of sections or departments.

It is an important feature of the scheme of reorganisation that the heads of departments should be enabled to make frequent visits to the chief centres of commerce and industry at home and abroad, with a view of widening their knowledge and experience, and also giving them that personal acquaintance with manufacturers and merchants and industrial conditions which is essential if the Board of Trade is to command the general confidence of the trading community. The arrangement of duties and staff will therefore be of such a nature as to allow of this feature of the scheme being developed as far as practicable.

The proposed sections of the Department of Commerce and Industry—including the Department of Overseas Trade (Development and Intelligence), which is a joint department of the Board of Trade and the Foreign Office, and is referred to on page 337—will, at the outset, be as follows—

(a) *Commercial Relations and Treaties* (the former Commercial Department), including such matters as commercial treaties and agreements, Empire and foreign tariffs and trade regulations, and all other matters within the scope of the Board of Trade which involve representations to, or negotiations with, Governments within the Empire or foreign Governments relating to the protection and furtherance of British commercial and shipping interests in the Empire and in foreign countries.

(b) *Overseas Trade (Development and Intelligence)*. (Joint Department of Board of Trade and Foreign Office.) The functions of the Board of Trade with respect to commercial intelligence and overseas trade development in connection therewith, including the control of the Trade Commissioner Service, and relations with the Commercial Attaché and Consular Services, will be exercised through the new joint Department of the Board of Trade and Foreign Office, whose work is described on page 337. The Department will also carry on the work of the late Exhibitions Branch of the Board of Trade. Measures will be taken to avoid overlapping, and to secure proper co-ordination between this department and the various sections of the Department of Commerce and Industry by constant communication and close co-operation.

(c) *Industries and Manufactures*. A new department dealing with home industries, with special reference to their development and stability, production, and the economic strength of the country generally; with questions of policy connected with trade monopolies and combinations, alien penetration into British industries, and the promotion of new trades. This section will also deal with matters within the scope of the Board of Trade relating to reconstruction of British industries and trades.

(d) *Industrial Property*. The main part of this department will be constituted by the existing Patent Office, but the department will not only administer the law relating to patents, designs, trade marks, and copyright, but will also be charged with dealing with all branches of industrial property from the point of view of

commercial and industrial policy, including both the encouragement of invention and the protection of the commercial public from the abuse of monopoly. It will also advise on international questions relating to the protection of British traders against infringement of their rights in foreign countries. For these purposes the department will be in close touch with the other sections of the Department of Commerce and Industry. The head of the department will be the Comptroller-General of Patents, Designs, and Trade Marks.

(e) *Industrial Power and Transport.* A new department charged with the consideration of all questions of general policy relating to transport in its commercial aspect, including shipping, canal and railway rates and facilities, through railway and ocean rates, shipping conferences, etc. It will also deal with questions of policy relating to industrial power, including electricity, gas and water power for industrial purposes, the conservation of fuel, petroleum, etc.

(f) *Statistics.* This department will combine the work of the present Census of Production Office with a centralisation and consolidation of the work of collecting and classifying statistical returns at present carried out by various sections of the Board of Trade. It will deal (*inter alia*) with British and foreign import and export returns, and with the statistics of shipping, railways, wholesale prices, emigration and immigration, output of industrial establishments, etc., and generally will watch the statistical data relating to the progress of trade, industry, and transport, both at home and abroad.

(g) In addition to the above departments charged with dealing with special groups of subjects, a new and important section will be created under the title of "*General Economic Department*" for the purpose of assisting the Permanent Secretary in relation to questions involving economic policy, especially those which, owing to their generality or novelty, extend beyond the sphere of any special department. In the near future, it is certain that questions of this nature, often of the greatest importance, will continually arise, and need careful watching and handling, especially in their earlier stages. The new section will supply the necessary organisation for this purpose. The section will have no executive functions, but will be charged with the duty of systematically

studying the general economic position of the country and the problems arising therefrom.

The Department of Commerce and Industry will keep in close touch with the Department of Scientific and Industrial Research, and with other organisations, such as the Imperial Institute and the National Physical Laboratory, whose work has a bearing on the matters with which the Department will be concerned.

There will be a strong Advisory Council attached to the Department of Commerce and Industry thoroughly representative of the commercial and manufacturing interests of the country. This Council will be divided into sub-committees meeting at frequent intervals. It is also proposed to constitute representative Trade Committees for each important group of trades whom the Board of Trade may consult on questions affecting those trades including their commercial, technical, and manufacturing needs during the period following the war. Suitable arrangements will be made to co-ordinate these Committees with the main Advisory Council.

DEPARTMENT OF PUBLIC SERVICE ADMINISTRATION.—Certain changes and re-groupings will be necessary in the case of the work of the branches of the Board of Trade which fall within the second main Department, viz., the Department of Public Services Administration. The backbone of the work of this Department will be as hitherto the administration of a number of important Statutes (*e.g.*, the Railway Regulation Acts, the Merchant Shipping Acts, the General Harbour Acts, the Gas and Water Acts, the Electric Lighting Acts, the Companies Acts, the Bankruptcy Act, the Weights and Measures Acts, and many others). In addition to these statutory duties, it will be the function of this Department to deal with each of the services concerned—Railways, Shipping, Harbours, Electric Undertakings, etc., etc.—*considered as undertakings*; while, generally speaking, the Department of Industrial Power and Transport will deal with the questions of policy arising out of the relations of these undertakings to industry and commerce.

As the Department of Public Services Administration consists of sections which are already in existence, it is unnecessary to go into detail regarding their duties, and the following descriptions are not exhaustive, but merely examples of the work done in each branch.

1. The *Marine Department* administers through a staff of Surveyors, Superintendents, Examiners, and other officers at the ports, the statutory provisions regulating merchant shipping and seamen, and is accordingly responsible for dealing with safety of life at sea, registry and tonnage of ships, the examination of masters, mates, engineers and fishermen, the engagement, discharge, and payment of seamen, enquiries into wrecks, etc. A sub-department of the Marine Department (the *General Register and Record Office of Shipping and Seamen*) keeps the registers of ships, issues certificates to officers, and has custody of official logs, agreements, etc.

2. The *Railway Department* administers the Railway Regulation Acts and deals with all matters relating to the safety of the railway travelling public and of railway employees, and with Railways generally, as with Canals, Light Railways and Tramways, from the point of view explained above.

3. The *Public Utilities and Harbours Department* has general jurisdiction in regard to harbours, tidal waters, foreshores, light-houses, pilotage, etc. It has also important functions of an administrative and quasi-legislative nature in connection with gas, water, and electricity. A sub-department (the *Standards Department*) is responsible for the custody of the Imperial and secondary standards of Weights and Measures, and deals generally with matters arising under the Weights and Measures Acts.

4. The *Companies Department* is responsible for the general administration of legislation with regard to the Government control of Joint-Stock Companies, and has duties under the Registration of Business Names Act, 1917; the Companies (Particulars as to Directors) Act, 1917; the Assurance Companies Act, 1909; the Art Unions Act, 1846; and other Acts. The department exercises supervision and control over Official Receivers connected with the winding up of Companies in the High Court and the County Courts.

5. The *Bankruptcy Department* is responsible for the administration of legislation relating to Bankruptcies and Deeds of Arrangement, and exercises supervision and control over Official Receivers in Bankruptcy both of the High Courts and the County Court.

GENERAL.—The General Departments serving the Board of Trade, as a whole, are—

1. The *Solicitors' Department*, which advises the Board of Trade

on legal questions connected with the various matters administered by them, and has the conduct of Petitions of Right, actions, various proceedings in court relating to Patents, Trade Marks, Companies and Bankruptcy questions, prosecutions under various statutes, shipping enquiries, etc., etc.

2. The *Finance Department*, which not only deals with all the accounting required in connection with the various services of the Board of Trade, but also administers certain financial sections of the Merchant Shipping Act relating to such matters as estates of deceased seamen, seamen's savings banks, relief, repatriation and wages of seamen left abroad, the lighthouse services in the United Kingdom and abroad, etc., etc.; and

3. The *Establishment Department*, which deals with questions of staff, accommodation, and other matters of office management affecting the Board of Trade as a whole, and which has recently been strengthened in view of the importance of securing smooth working by means of efficient internal arrangements.

Arrangements have been completed for the issue in a new form of the *Board of Trade Journal*, with a wide extension of its scope, so as to give the fullest possible information of value to the business community, including authoritative announcements regarding the various activities of the Board of Trade and the Department of Overseas Trade (Development and Intelligence), and particulars of overseas markets derived through the improved and developed service of Trade Commissioners within the Empire and of Commercial Attachés and Consuls in foreign countries.

THE DEPARTMENT OF OVERSEAS TRADE (*Development and Intelligence*).—Although mention has already been made of this department, a more extended reference is desirable, owing to the importance of the work entrusted to it. The likelihood of there being a great demand for the collection and diffusion of commercial intelligence after the cessation of hostilities was recognised by the Foreign Office and the Board of Trade, and both these departments considered plans for developing and improving the arrangements for acquiring and disseminating commercial intelligence. The result was the formation of the Department of Overseas Trade, which is a joint department of the Foreign Office and the Board of Trade. The former deals with all questions concerning the direction and organisation of the Commercial

Attaché and Consular Services; while the latter collects and classifies, in a form convenient for reference, information on all subjects of commercial interest. The Board of Trade also supplies, on application, information with regard to foreign and Colonial contracts open to tender, and other openings for British trade; lists of manufacturers at home and lists of firms abroad engaged in particular lines of business in different localities; foreign and Colonial tariff and Customs regulations; commercial statistics; forms of Certificates of Origin; regulations concerning commercial travellers; sources of supply; prices, etc., of trade products; shipping and transport, etc.

Samples of foreign competitive goods and commercial products are exhibited at the offices of this department, which also has the management of the British Industries Fairs organised by the Board of Trade. Manufacturers and traders who wish to receive early information respecting new trade openings, or who require reports on foreign competition and other matters likely to be of interest, may, for a small fee, have their names included in the Special Register, which is open to any approved British firm, but not to a non-British trader. The information, supplied by the Trade Commissioners and the Consular representatives, is circulated to firms on the Register as quickly as possible after receipt.

Another activity of the Department of Overseas Trade is the furnishing of information regarding possible importers of goods of British manufacture, their commercial and financial status, their local and European references; the goods particularly required, terms of trading, and the language in which correspondence should be carried on.

A further important feature is that the department is assisted by an Advisory Committee of business men.

TRADE COMMISSIONERS.—In order to bring about a closer co-operation in commercial matters between the various parts of the British Empire, the services of Trade Commissioners are to be considerably extended. The office of Trade Commissioner is of quite recent origin.

In 1907, attention was called to the need for official commercial representation of the United Kingdom in the self-governing Dominions and, as a result, four Trade Commissioners were

appointed: one for Canada and Newfoundland, and one each for Australia, New Zealand, and South Africa.

Among the functions of a Trade Commissioner, it is his duty—

(1) to keep in close touch with the Government and State authorities in the Dominion to which he is attached;

(2) to visit the principal commercial centres in his area and establish touch with the members of the commercial community;

(3) to study and report upon the tariff laws, and Customs regulations, as well as legislation affecting banking, patents and copyrights, shipping, harbours, etc.;

(4) to watch the imports into the Dominion, to furnish reports on the best methods of meeting foreign competition, and to furnish reports on financial and trade conditions;

(5) to forward early information as to contracts open, or likely to be open, to tender, the opening of new industries, and the extension of public works;

(6) to make an annual general report on the conditions and prospects of trade in his area, and to supplement it by special reports or monographs dealing as exhaustively as possible with particular questions which are likely to be of interest to British firms.

It has now been decided to increase the number of Commissioners from four to fifteen or sixteen.

COMMERCIAL ATTACHÉS, who are "officers invested with a diplomatic character, and whose functions exclusively consist in assisting British traders and furthering the interests of British commerce," have been appointed in various countries. This service has also been considerably enlarged recently.

CONSULS.—Consuls are officials resident in commercial centres abroad who are appointed by the Government to look after and promote British commercial interests. There are various grades, ranging from Consul-General to Vice-Consul or Pro-Consul, and one of these officials is to be found in every considerable port and in every city of commercial importance. In ports resort is often made to the Consul in connection with any difficulties encountered by ships' captains or sailors with the authorities, and although the Consul's duties are primarily in connection with commerce, use is made of him in a variety of ways, he being generally the only official representative of his country in the town in which he is

stationed. For example, if for any purpose a document emanating from a foreign country is required in the United Kingdom bearing the seal of a notary or any foreign official, the mere fact that it purports to be signed and sealed or stamped by a person describing himself as a notary or as occupying any other official position is not proof and cannot be accepted as evidence that it is genuine; if, however, the British Consul certifies underneath such signature of the notary or other official as to the authenticity of the signature and position of such official, the document is thereby rendered valid for use in the United Kingdom. Consuls are also empowered to impress documents with British stamp duty where necessary, and any British subject who gets into difficulties, legal or otherwise, in a foreign country, may appeal to the nearest British Consul, when he may rely upon receiving such assistance as may be possible, or upon the matter receiving the necessary investigation. Each year, the Consul-General or the Consul prepares and sends to the Foreign Office a report upon the trade conditions of the district in which he is stationed. Included in these reports are the reports of Vice-Consuls stationed at centres within the jurisdiction of the Consul or Consul-General. Some of these reports are documents of great value and of interest to the commercial community.

In some towns the practice still obtains of having unpaid Consuls, the posts being honorary and often filled by a native of the country. This practice is, however, being abandoned, and the Consul in an important city receives anything between £600 and £1,000 per annum, with a separate allowance for office rent and clerical assistance.

CHAMBERS OF COMMERCE.—Chambers of Commerce are associations of business men working, first, for the benefit of their individual members, second, for the benefit of the commercial community in the town or district they serve, and third, by acting in concert with other chambers of commerce, to voice the needs and wishes of the whole commercial community of the country. It is advisable at the outset to bear in mind an important distinction between British chambers of commerce and foreign chambers of commerce. In most foreign countries chambers of commerce are semi-official bodies consisting of a fixed number of representatives as a commercial community elected by the business men of the district. These chambers of commerce are usually in close touch with the

Ministry of Commerce, and are often entrusted with the operation of public undertakings of commercial importance, such as harbours, docks, warehouses, etc., and have the power of levying taxation upon the commercial community within their jurisdiction.

In the United Kingdom, however, a chamber of commerce is a voluntary association of business men, and is in no way connected with the Government.

If we glance at the work and constitution of the London Chamber of Commerce, we shall gain an idea of the purposes these institutions serve, although it is apparent that a chamber of commerce in a smaller town would not have so many departments, sections or activities as that of a great commercial city.

The objects of the London Chamber of Commerce are, in its own words—

- (1) The promotion of the trade, commerce, shipping and manufactures of London, and of the home, colonial, and foreign trades of the United Kingdom.
- (2) The collection and dissemination of statistical and other information relating to trade, commerce, shipping, and manufactures.
- (3) The promoting, supporting, or opposing legislative or other measures affecting the aforesaid interests.
- (4) The undertaking by arbitration the settlement of disputes arising out of trade, commerce, or manufactures.
- (5) The doing of all such other things as may be conducive to the extension of trade, commerce, or manufactures, or incidental to the attainment of the above objects.

The membership of the London Chamber of Commerce is over six thousand—considerable enough in itself, but not commensurate with the magnitude of the commercial interests of the capital. It has a President and a number of Vice-Presidents, men prominent in business life, and is governed by an elected council of thirty members, to which are added a certain number of gentlemen nominated by various London mercantile associations as their representatives on the council. The Lord Mayor, the Governor of the Bank of England, and the Members of Parliament for the City of London are ex-officio members of this council.

A Chamber of Commerce performs much the same general services for its members as does the Development and Intelligence Department of the Board of Trade for the commercial community at large, but the Chamber of Commerce will naturally take more personal trouble in the interests of its members. The London Chamber of Commerce has a very complete commercial library and reading room, containing trade and business publications from all parts of the world. There are also members' rooms, and it may in a measure be termed a commercial club. When any question of general commercial interest is in the foreground, the Chamber calls a general meeting of members, and sometimes a public meeting to which commercial men, whether attached to the Chamber or not, are invited. It also arranges for a number of lectures on trade openings in various countries or on special subjects by men entitled to speak with authority on these subjects, and it acts generally as the guardian of the interests of the commercial community of the great city in which it is situated. Like every other chamber of commerce it performs a number of small services for its members in connection, for example, with certificates of origin, advice as to customs duties, shipping charges, etc., and the London Chamber has a well organised employment department and has performed a national service in organising a scheme of commercial education, in connection with which it holds annual examinations.

The real practical work of the Chamber is, however, performed by means of the various sections, it having soon been found that, in addition to combining all interests for effecting common objects, it was absolutely essential that some machinery should be instituted whereby the interests of one particular trade or a series of allied trades could be served. There are no less than thirty-six trade sections of the London Chamber of Commerce, whose business it is to look after the interests that have to be served by an institution representative of the entire commercial community. The following list will convey an idea of the variety of interests served by these sections—

Advertising Section
Australasian Trade Section
Bakery and Confectionery Section

Bookbinding Section
Canned Goods Trade Section
Chemical Trade Section
China and Glassware Section

Cinematograph Section	Paint and Varnish Manufacturers' Section
Coal Trade Section	Perfumery Manufacturers' Section
East India Section	Petroleum and Allied Trades Section
Electrical Section	Provision Trade Section
Engineering and Allied Trades Section	Retailers' Section
Fancy Goods, China, Sports and Games Section	Russian Section
Fancy Leather Section	Scientific Instrument, Optical, and Photographic Section
Far Eastern Section	Silk Trade Section
Fur and Skin Trade Section	South African Section
Green Fruit and Vegetable Section	Textile Trade Section
Leather Trade Section [tion	Tobacco Trade Section
Manufacturers of Infants' and Invalids' Foods Section	Watch Section
Manufacturers' Section	West African Section
Metal Trades Section	White Lead Corroders' Section
Owners of Proprietary Articles Section	

It might be asked, what precisely do these Trade Sections do? The answer is that any member may bring up a grievance or question affecting that particular trade, when it is considered by the Section or Committee and representations are made to the authorities by means of correspondence or deputations, or the local Members of Parliament may be asked to take up the matter, or a resolution may be brought forward at the next meeting of the Chamber and, if of sufficient importance, at the next meeting of the Associated Chambers of Commerce.

For the consideration of some matters of general interest to the commercial community, the Chamber appoints special committees, as, for example, that appointed to enquire into the question of the gold reserves of the country.

Chambers of commerce are often consulted by the Board of Trade in connection with proposed legislation, and thus form a most convenient link between the commercial and trading community of the country and the Government. For example, when the Board of Trade was considering the placing of the Port of London under a special authority instituted for the purpose, it confidentially

consulted the London Chamber of Commerce as to the selection of the elected members of the Authority, and subsequently a Sub-Committee of the Port of London Authority invited certain Trade Sections of the Chamber to forward their observations on a proposed draft schedule of maximum port rates. No less than twenty-one of the Trade Sections of the Chamber submitted observations or criticisms of the draft schedule in regard to matters with which they were specially concerned, and later the Port Authority received a deputation from these Sections, as a result of which several important concessions were made, and in some cases the Sections were invited to submit alternative proposals.

Another side of the Chamber's activities is to oppose or support certain Bills in Parliament affecting commercial interests. For example, in connection with Mr. Lloyd George's much discussed 1909 Budget, the Cement Trade Section was successful in securing the express exemption of chalk and clay from the mineral rights duty, and the Chamber also petitioned against the Great Northern, Great Central, and Great Eastern Railway Amalgamation Bill, which was dropped after the second reading.

We mention these specific instances, not because they are of more importance than others, but because it is much easier, by giving actual cases of this nature, to show the various directions in which an active chamber of commerce can serve the interests of the commercial community.

There is an Association of Chambers of Commerce of the United Kingdom which meets annually, and which is really a parliament of commerce, attended by representatives of each chamber, at which resolutions of national importance are put forward, discussed, and voted upon. This is probably the only effective means that the business men of the country, as such, have of bringing their wishes before Parliament.

The subscription rates to chambers of commerce are not as high as might be thought. In the case of the smaller chambers the annual subscription is one guinea, or at most two guineas, and in the case of the London Chamber of Commerce it is two guineas per annum for an individual member, and three guineas for a firm or company, the subscription being one guinea less in each case for country members.

The annual reports issued by chambers of commerce are usually

of considerable interest and value as showing the state of affairs of the industries in the part of the country in which they are situated. Chambers of commerce in smaller towns are, of course, much more closely connected with one or two industries than can possibly be the case with so widespread a chamber as that of London, and in some very small places they are little more than shopkeepers' associations working together for the benefit of the trade of the town.

BRITISH CHAMBERS OF COMMERCE ABROAD.—There are a certain number of British chambers of commerce abroad devoted to the furtherance of trade between the United Kingdom and the country in which they are situated. Membership is open to firms and individuals in either country and is usually inexpensive, being seldom in excess of two guineas per annum. Such foreign chambers of commerce are most useful to firms having business relations with the country in which they are situated; they will usually find suitable agents, give information derived from a study of conditions on the spot as to opportunities for business, and will often collect debts and perform small services of a similar nature which at home might be considered outside the sphere of a chamber of commerce.

On the other hand, there are a number of foreign chambers of commerce in the United Kingdom which are similarly useful to business men in both countries. Subscription rates here also are much the same as those of the British chambers abroad.

Many chambers of commerce, both home and foreign, publish monthly or quarterly journals containing an amount of specialized information.

For statistics, see Appendix.

QUESTIONS

1. Give a very brief account of the history of the Board of Trade.
2. Into what departments is the Board of Trade divided?
3. What are the chief duties of the Department of Commerce and Industry of the Board of Trade?
4. What information may a business man obtain from a perusal of the Board of Trade Returns?
5. State in a general way the functions of the Board of Trade.
6. What services does the Department of Overseas Trade render to the business community?

7. If you required some information regarding the state of trade abroad, to what department of the Board of Trade would you apply ?
8. What is a Chamber of Commerce ?
9. State briefly the objects of a Chamber of Commerce.
10. What services do Consuls render to commerce ?

CHAPTER XXIII

MONEY MARKET—BANK OF ENGLAND—FOREIGN EXCHANGES

THE MONEY MARKET.—The money market consists of the Bank of England, the large banks and a number of bill brokers, whose offices are mostly in the vicinity of Lombard Street. "Market" is here used as a general term, and not as representing a building, or even any special assembly of dealers, for although many of the bill brokers do meet twice a week in the Royal Exchange and fix the rates of exchange for remittances abroad, the bulk of the business which falls within the province of the money market is done by quick calls from office to office. The term "money market" often gives rise to some confusion in the minds of individuals who cannot see how money, which has apparently a fixed value, can be like other commodities, rising and falling in price. In the money market sense, however, the commodity "money" is the *loan* of a given sum for a certain period, and the price means the rate of interest that has to be paid for such loan, be it in the shape of a straightforward loan of a sum of money against the deposit of collateral security in the shape of property deeds, stocks, shares, etc., or by discounting bills of exchange due some time ahead.

THE BANK OF ENGLAND.—The Bank of England being the pivot of the money market, some knowledge of its history and constitution is necessary to a comprehension of monetary matters.

The formation of the Bank of England dates from the year 1694, six years after the expulsion of James II. The Government of William III was in sore need of money with which to carry on the war with France, and the country was groaning under the heavy burden of taxation with which it was afflicted. At its wits' end to find additional funds, the Government at last adopted a plan put forward by a Scotsman, William Paterson, whereby the joint-stock

principle should be applied to a large banking business, the capital subscribed being lent to the Government at 8 per cent. interest, the lending company being incorporated by Royal Charter granting limited liability (which at that time was a highly valued and rare privilege), and the company having power to issue notes, *i.e.*, paper money, equivalent in amount to the sum lent to the Government. The capital was subscribed by the merchants of the City of London, and it is interesting to note that, as Macaulay has pointed out, the Bank of England was, at its inception and during several generations, really a political organisation, being wholly Whig in character. Had it ceased to receive interest on its capital, the whole of which it had lent to the Government, it would have had to stop payment, and there was no doubt that had James II returned to the throne this would have occurred. In addition to the 8 per cent. per annum, the Bank received an annual sum of £4,000 towards its management expenses. The notes issued by the Bank rapidly became a popular form of currency, for the coinage was in a bad condition, and the need of a good circulating currency had been felt for a long time.

From the outset, the Bank of England has been both a Government and a public bank, transacting the entire banking business of the former. All the taxes and national revenue are paid into the Bank of England, which also lends money to the Government when the outgoings are temporarily greater than the incomings. It is not a State bank in the same sense as most of the national banks of the Continent, in the management of which the Governments are directly represented, besides sharing in the profits; but although a private corporation, its connection with the Government has always been very close, and has led to its being specially favoured. In 1708 the Bank was given practically the monopoly of joint-stock banking in England and Wales, for Parliament passed an Act making it illegal for any association of more than six partners to carry on banking business within the area named, and this Act was not repealed until 1826, when the Bank of England was compensated by being made the only joint-stock bank within sixty-five miles of the City of London having power to issue notes. At the same time the Bank was authorised to establish branches.

The working of the Bank of England is regulated by the Bank Charter Act of 1844, known as the "Bank Act," which was passed

by Sir Robert Peel with a view to setting the currency of the country on a satisfactory basis. This Act provided that that part of the Bank's work relating to the issue of bank notes should be separated from the ordinary banking portion of the business, and that the two departments, *i.e.*, the Issue Department and the Banking Department should each publish a weekly statement.

In order that one may comprehend clearly the position of affairs, it is desirable that the Issue Department should be regarded as a Government department concerned solely with the issue and payment of bank notes, the Banking Department being just an ordinary bank, but of more importance than its fellows on account of its keeping the Government accounts and managing the National Debt.

The Bank Act provides that notes to the amount of £14,000,000 may be issued against the security of the debt owing by the Government to the Bank, but that any notes issued in excess of this amount must be covered by gold coin or gold and silver bullion (silver not exceeding 25 per cent. of the total). The notes issued on the security of the Government debt are known as the fiduciary issue, which has been increased from £14,000,000 to £18,450,000 at the end of 1917, in virtue of another clause of the 1844 Act, which authorises an increase in the amount of notes issued against securities to the extent of two-thirds of the authorised issue of any other bank which has given up its note-issuing privilege. It should here be mentioned that at the time the Act was passed, some 280 banks outside the sixty-five mile radius reserved to the Bank of England had their own notes in circulation, and by that Act their issues were restricted to a total of £8,631,647, that being the average amount which they had in circulation during the early part of 1844; but as the Act really aimed at the eventual extinction of all note issues in England and Wales other than those of the Bank of England, it was stipulated that any bank that once suspended its issue, or that became bankrupt, should lose the right to resume its privilege. It had already been enacted that if a country joint-stock bank opened an office in London, it should immediately lose the right of issuing its own notes, and it is by means of this provision that the Bank of England is still gradually increasing its fiduciary issue, for the growing tendency on the part of the big London joint-stock banks to absorb the small country banks means that hardly

a year passes without one or other of the smaller note issuing banks having to forego its privilege.

The following table shows the fixed note issues of banks in the United Kingdom as at the end of 1917—

NOTE ISSUES OF BANKS IN THE UNITED KINGDOM
AT THE END OF 1917

Fixed Issue of the Bank of England	£18,450,000
Fixed issue of six Private Banks in England and Wales	273,076
Fixed Issue of three Joint-Stock Banks in England and Wales	61,744
Fixed Issue of eight Banks in Scotland	2,676,350
Fixed Issue of six Banks in Ireland	6,354,494
<hr/>	
Total Fixed Issue of Banks in the United Kingdom	<u>£27,815,664</u>

In the following tables we give the list of the remaining banks in the United Kingdom, at the end of 1917, having the right to issue notes—

LIST OF BANKS WITH NOTE ISSUES AT END OF 1917

ENGLAND AND WALES	
<i>Name of Bank.</i>	<i>Amount of Authorised Issue.</i>
Banbury Bank	£43,457
Bicester and Oxfordshire Bank	27,090
York and East Riding Bank	53,392
Leeds Bank	130,757
Oxfordshire Witney Bank	11,852
Wellington Somerset Bank	6,528
Halifax Commercial Banking Co., Ltd.	13,733
West Yorkshire Bank, Ltd.	18,534
Nottingham and Notts. Banking Co., Ltd.	29,477
<hr/>	
Total	<u>£334,820</u>

If any of the above banks amalgamate with a bank having a London office, they at once forfeit their note-issuing privilege, and the Bank of England increases its fiduciary issue by two-thirds of the lapsed issue.

LIST OF BANKS WITH NOTE ISSUES AT END OF 1917

SCOTLAND

<i>Name of Bank.</i>	<i>Amount of Authorised Circulation.</i>
Bank of Scotland	£396,852
Royal Bank of Scotland	216,451
British Linen Bank	438,024
Commercial Bank of Scotland	374,880
National Bank of Scotland	297,024
Union Bank of Scotland	454,346
North of Scotland and Town and County Bank	224,452
Clydesdale Banking Co.	274,321
Total	<u>£2,676,350</u>

IRELAND

<i>Name of Bank.</i>	<i>Amount of Authorised Circulation.</i>
Bank of Ireland	£3,738,428
Provincial Bank of Ireland	927,667
Belfast Bank	281,611
Northern Bank	243,440
Ulster Bank	311,079
The National Bank	852,269
	<u>£6,354,494</u>

The Act also provided that the banking department of the Bank of England should obtain from the issue department as many bank notes as it required in exchange for gold at the rate of £3 17s. 9d. per ounce of standard gold, standard consisting of eleven parts gold and one part copper alloy.

THE BANK RETURN.—As we have seen, the 1844 Act stipulated that the Bank of England should issue a weekly statement showing the position of both the Issue Department and the Banking Department. This is issued every Thursday, and as it is a key to the condition of the money market, giving some indications as to whether loanable money is to become dearer or cheaper, it is scanned by the financial and business community with the greatest of interest. It is not altogether an easy document to understand, but we will do our best to make its meaning clearer.

The following is a specimen weekly return—

BANK OF ENGLAND

AN ACCOUNT pursuant to the Act 7 and 8 Vict. cap. 32, for the
Week ending on Wednesday, March 1, 19—

ISSUE DEPARTMENT

Notes Issued	£ 55,513,150	Government Debt	£ 11,015,100
		Other Securities	7,434,900
		Gold Coin and Bullion	37,063,150
		Silver Bullion	—
	<u>£55,513,150</u>		<u>£55,513,150</u>

BANKING DEPARTMENT

Proprietors' Capital	£ 14,553,000	Government Securities	£ 14,637,633
Rest	3,678,613	Other Securities	32,795,480
Public Deposits (including Exchequer, Savings Banks, Commissioners of National Debt, and Dividend Accounts)	19,021,510	Notes	27,992,880
Other Deposits	39,240,544	Gold and silver Coin	1,087,758
Seven Day and other Bills	20,084		
	<u>£76,513,751</u>		<u>£76,513,751</u>

Dated Mar. 2, 19—.

J. G. NAIRNE, Chief Cashier.

ISSUE DEPARTMENT.—Dealing first with the Issue Department, we see on the left-hand side the total number of Bank of England notes outstanding, and on the opposite side the gold and securities on which these notes are secured. The "Government Debt" and the "Other Securities" are the two items making up the £18,450,000 already referred to as being the amount of notes the Bank may

issue without a corresponding quantity of gold or silver. Consequently the difference between this £18,450,000 (which sum may yet be slightly increased as other of the existing note issuing banks forfeit their privilege, and the Bank of England assumes the right to issue notes to two-thirds of the lapsed issue) and the total number of notes outstanding, has to be made up by a store of gold coin or gold and silver bars. Although the Bank is by law permitted to have one-quarter of the metal covering the note issue, in the shape of silver, in practice it does not do this, which is a good thing, as silver has depreciated in value and, unlike gold, silver coin of the nominal value of a million pounds would not be accepted as such throughout the world.

It has to be noted, however, that the item "Notes issued" in the weekly return of the Issue Department does not indicate the amount of notes in public circulation, because the Banking Department itself holds a certain number of these same notes. Seeing that the Banking Department can immediately convert these notes into gold by presenting them for encashment to its own Issue Department, they may be regarded as equivalent to gold, and to arrive at the true position as regards the bank-note circulation in the hands of the public and other banks, we have to deduct from the item "notes issued" the amount of notes held by the Banking Department.

From the return on page 352 it will be seen, therefore, that the actual amount of Bank of England notes in the hands of the public and banks other than the Bank of England itself at the date of the return was £27,520,270.

BANKING DEPARTMENT.—Coming now to an examination of the Banking Department return, we find on the left-hand side as liabilities (1) the sum the Bank owes its shareholders, being the capital of the Bank; (2) the "Rest," or in ordinary language the reserve fund, consisting of accumulated profits which have not been distributed to shareholders (not to be confounded, however, with what is known as "gold reserve," to which reference will be made later); (3) Public Deposits, being the balances of the different Government departments, for it must be remembered that the Bank of England is the Banker of the British Government; (4) Other Deposits, by which is meant the balances to the credit of all depositors other than the Government. As the Bank of England is the Banker of all

the other banks in the country besides a certain number of private individuals, this item is very large ; (5) Seven-Day and other Bills is a small item representing an old-fashioned and almost obsolete form of remittance still employed for a few revenue payments.

It will be seen that on the opposite side of the Bank return are shown the assets which the Bank possesses. These items are somewhat obscure, as so many things are lumped together. We will, however, take them one by one. (1) Government Securities represents the Bank's holding of Consols and other Government loans, together with any Treasury Bills or other short-dated notes which the Government issues to the Bank when it temporarily overdraws its account ; (2) " Other Securities " are the Bank's own investments and the loans it has made against security to its customers other than the Government, including its private customers, other banks, bill brokers, etc., (3) and (4) can be lumped together, for they represent the Bank's own notes and its till money. As these notes can at any moment be exchanged for gold in the Issue Department, these two items (less such insignificant amount as is represented by silver coin) constitute the gold reserve of the Bank of England and, in a large measure, the gold reserve of the country, for the other banks hold little more than sufficient gold to cover their daily requirements.

THE GOLD RESERVE.—The bulk of payments are now made by means of cheques, the majority of which are never presented for payment in cash, but are set off one against another by the various banks, the differences between the total daily amounts to the debit and credit of the respective banks being adjusted in the Bankers' Clearing House by means of a draft on the Bank of England. That is to say, if at the conclusion of the day's operations it is found that Barclay's Bank has to receive from Lloyds' Bank on cheques drawn on the latter which have been paid into the former, £200,000 (the figures are quite imaginary), whilst Lloyds has to receive from Barclays £180,000 in respect of cheques it has to collect from them, the whole matter can be adjusted by Lloyds handing Barclays a draft, or cheque, on the Bank of England for the amount of the difference, and not a sovereign in actual gold need change hands. All this, however, presupposes the existence of a supply of gold somewhere, for all our payments are in terms of gold, and that is the only means of payment accepted under all circumstances in

the civilised world in payment of a debt ; in other words, all these payments by means of paper are made in lieu of gold because it is more economical than if made by handing over the equivalent sums of that metal. In a time of panic, however, when one man mistrusts the solidity of his neighbour's financial position, bills and cheques are not accepted so readily ; and where the latter are taken, they are hurried round to the bank to be paid in gold instead of being sent for collection through banks in the ordinary way, for no man wishes to be left with a piece of paper which he cannot at will convert into gold. There is really not nearly enough gold in the country to respond to the needs of our everyday transactions should confidence once be lost, and the £30,000,000 or £40,000,000 held by the Bank of England is practically the whole gold reserve on which our enormous credit system is based.

The difference between the vast sums which the banks owe their depositors and the small amount of cash and Bank of England notes held by them is represented either by interest-bearing securities or by loans they have made to customers against security, and in the event of their balances at the Bank of England being insufficient to meet any unforeseen demands, they would rely upon borrowing the needful amount of gold or notes from the Bank of England, so that in the last resort, it will be seen, the Bank of England is practically the sole repository of the gold underlying our vast credit system, and it is easy to realise how important it is that it should keep as large a reserve of gold as possible. If a sustained demand for gold and notes were made upon the Bank of England, the position would soon become serious, because after its existing supply of gold and notes had given out, it would not have power to issue any more notes unless the full equivalent amount of gold was deposited against them ; and as, in a time of panic, everyone would be clamouring for gold payments, it is not likely that much gold would be forthcoming. This state of affairs is not at all imaginary, and it has, as a matter of fact, occurred, and on three occasions, namely in 1847, 1857 and 1866, the Government, to avert a serious crisis, had to permit the Bank of England to issue additional notes over and above the authorised fiduciary issue, against securities instead of gold. This is known as a "Suspension of the Bank Act," the provision of that statute, to the effect that notes in excess of the authorised fiduciary issue shall only be issued

against the deposit of gold of the full equivalent, being temporarily suspended. People being accustomed to regard Bank of England notes as gold, are satisfied to accept them.

The German and Austrian Bank regulations, which are largely modelled on our Bank Act, provide for this sometimes necessary expansion of legal tender paper money in a manner that is by most people considered to be an improvement on our own somewhat clumsy method of hurriedly suspending the Bank Act. They do it by fixing, like ourselves, a certain limit to the fiduciary issue, *i.e.*, the amount of notes that may be issued against securities instead of gold, but allow the bank of issue to exceed this limit whenever required, on payment to the Government of a tax at the rate of so much per annum on such excess issue. This is much more elastic than our method and the tax (which in Germany is 5 per cent.) acts sufficiently as a deterrent to prevent the central bank from unnecessarily increasing the amount of paper money uncovered by gold.

It appears to be generally recognised in the United Kingdom that the gold reserve is insufficient, and various methods of increasing it are suggested, the only point of unanimity about such suggestions apparently being that the full loss or cost of increasing the reserve should fall upon someone other than the individual or class making the suggestion. The Bank of England, whilst recognising its responsible position towards the nation, does not see why it should bear the full cost, and on the other hand, the big banks do not display any great anxiety to provide their share of the additional gold required, and would throw the burden upon the Government in respect of the deposits in the Post Office Savings Bank. To increase the gold reserve means, of course, a loss of interest, for the money required for the purchase of gold to be stored in vaults could no longer be employed to earn interest.

DRAINS ON THE RESERVE.—The gold reserve can be depleted for internal purposes and for purposes of export. The former occurs usually at fixed periods of the year, such as about the recognised rent-days, and these seasonal drains are of such a regular nature that they can be estimated and provided for beforehand and cause no anxiety, for within a short period the gold thus taken returns to the bank. The loss of gold by reasons of exports of that metal is, however, another matter. At a certain period

the balance of trade with some countries may be against us ; we may have to pay large sums for imports of corn, cotton or other commodities without at the same time having corresponding exports to set against them (the real position is complicated by other factors, but this simple illustration will serve), or we may just have subscribed millions to a big state loan issued by another country, with the result that to liquidate our temporary indebtedness to certain countries, we have to ship gold to them. If this were to go on unchecked with no corresponding inflow of gold from other countries our stock of gold would soon be exhausted, and we should be reduced to a circulation of depreciated inconvertible paper money, a state of affairs that has, indeed, occurred in some countries.

PRESERVING THE RESERVE.—It is evident, therefore, that some measures must be taken at times when the reserve looks like falling to a dangerous level, to remedy this state of affairs. Now it is clear that if foreign countries have the power to attract gold from us, we must in turn have the power to attract gold from foreign countries. Gold, having a value in all civilised countries, is much like water in that it finds its own level, and if in one country the loanable value of gold is low and in another it is high, a tendency sets in for the possessors of capital in the country where only a low rate of interest is obtainable, to send their gold to a country where they will obtain higher remuneration. Consequently, if, when gold is becoming scarce in England, the rate of interest to be paid by borrowers is raised, it tends in two ways to stop the drain upon the gold resources of the Bank of England, first, by checking applications for loans, and second, by attracting foreign gold. A great deal of French money, for example, finds employment in London when interest rates are high.

BANK RATE.—The index of the value of loanable money in each country is the so-called bank rate. In our own country this means *the official minimum rate per cent. at which the Bank of England will discount first-class bills.* This rate is fixed at the meeting of the Governors of the Bank of England which is held every Thursday morning, and is immediately announced ; only under exceptional circumstances is it ever changed on any other day. It should be understood that this official rate is only to be taken as being approximately the actual rate of interest charged for loans against

first-class security. In actual practice, the Bank of England often lends at the market rate, which is often below its official rate, that is to say, it competes with the other banks in purchasing bills, etc. None the less, the official rate does correspond more or less to the actual conditions on the money market, being high when money is scarce, and low when money is plentiful, and affords a most convenient standard. Thus, for example, a man building a house and obtaining temporary advances from his banker on the security of the property, might be told that the rate he would have to pay would be 1 per cent. above the bank rate, with a minimum of 5 per cent., *i.e.*, with an official bank rate of $4\frac{1}{2}$ per cent. he would be charged $5\frac{1}{2}$ per cent. on his loan, with a bank rate of 4 per cent. he would be charged 5 per cent., but he would not gain anything if it fell below that figure. On the other hand, it is the practice of most of the joint-stock banks to grant interest on deposit accounts at $1\frac{1}{2}$ per cent below bank rate, and in numerous cases the bank rate, which, as already stated, is intended to apply to the best possible security, *viz.*, the discounting of first-class bills, serves as the standard whereby bankers and lenders of money can determine beforehand the rate at which they will lend on security of less quality, and in fixing such rate as at so much above the official discount rate (*i.e.*, bank rate), allow for fluctuations in the value of loanable money. Should there be a drain on the gold reserve of the Bank of England, loanable money at once becomes dearer, and the Bank of England, to protect its store of gold from depletion, raises its rate of discount, with the result mentioned under the heading of "Preserving the Reserve," that the demand for loans is checked, and foreign gold is attracted, provided it can find employment here at a higher rate of interest than at home. On the other hand, the Bank of England does not care to put up its rate unduly, for a high rate of interest acts as a handicap upon home industry; most of our vast trade is done upon borrowed money, and if for this accommodation builders, merchants and traders have to pay high rates, their profitable working is naturally hindered. It can, therefore, well be understood why so many business men carefully study the weekly bank return and read the first paragraph of the money article in the daily papers dealing with gold exports and imports (a return of which is displayed daily at the Bank of England) for signs of approaching scarcity or plenitude of money, which will

give them an indication as to whether they are likely to have to pay more or less for the money they have to borrow for purposes of their business.

FOREIGN BANK RATES.—As the capacity of one country to draw upon the gold of another necessarily affects the bank rate in that other country, an eye has to be kept also upon the bank returns of foreign countries, as well as the rates of exchange for the transmission of gold to and from those countries.

The various countries of the world are now so interdependent in regard to these matters that a change in the bank rate of one country is often followed by a corresponding series of changes in the rates of other countries. It must not be thought, however, that the rates themselves are identical, for these vary according to the conditions in the respective countries; thus, as a general rule, London, Paris and Amsterdam have low rates, whilst Berlin and Vienna are usually a little higher, Petrograd being higher still. This is due to differences not only in the wealth of the respective countries, but also as regards industrial activity, for where trade is very active and prosperous, money is in greater demand and merchants and others can afford to pay higher rates. On the other hand, if the balance of trade of a country is very much against it, *i.e.*, if it is not selling as much as it is buying, and the difference is not made good by interest on foreign loans and other methods of redressing such an adverse balance described in the section of this work dealing with international trade, money may become scarce and a high rate of interest is inevitable. These considerations are pointed out to prevent the student from concluding too rapidly that a high bank rate is necessarily a bad sign; a high bank rate in Germany in a time when trade and industry are very active, is merely a reflex of the national activity, but a similar high rate in Portugal or Greece might be the result of a period of great political disturbance.

The official bank rates in most countries vary pretty considerably, according to the course of trade; France, however, forms an important exception to this rule, for in that country the vast amount of home capital available, combined with the excellent management of the Bank of France and other circumstances it is impossible to detail here, lead to extraordinary stability in the official bank rate, which for years past has been 3 per cent.

FOREIGN EXCHANGES.—The foreign exchange rates also afford an indication as to whether an outflow or inflow of gold is the more probable, and it now becomes necessary that we should understand what is meant by foreign exchange. There is no uniform gold coin throughout the world, those in use in the various countries differing from one another both as to weight and fineness. These determined, however, it is possible to establish the exact value of one currency expressed in terms of another, *i.e.*, how many English sovereigns it takes to produce exactly the equivalent gold contents of, say, 10,000 francs in French gold coin. These exact equivalents are known as "parity," or "the mint par of exchange." In the following list the mint par of exchange for the United Kingdom and the principal foreign countries is given—

EQUIVALENT OF £1 IN STANDARD GOLD OF FOREIGN
COUNTRIES

France and other countries of the Latin	
Union ¹	25·225 Francs
Germany	20·43 Marks
U.S.A.	4·866 Dollars
Holland	12·107 Florins
Austria-Hungary	24·02 Kronen
Denmark, Sweden and Norway	18·159 Kroner

On the financial page of every important newspaper is to be found daily a list of the foreign exchanges denoting the sum which has to be paid in each foreign monetary centre shown for the transmission of remittances to the United Kingdom. Such a list is given on the next page.

Usance means the period allowed by custom for the payment of the bill or remittance from date, which corresponds to the time that was formerly occupied in transit.

¹ The Latin Union consists of France, Belgium, Italy, Switzerland and Greece, in which countries the principal gold and silver coins are identical in weight and fineness, and, subject to one or two slight restrictions in connection with the silver coinage, circulate freely in any of those countries. So far as the gold coinage is concerned, these countries may therefore be considered in a monetary sense to constitute one country. Several other countries, although not members of the Latin Union, have adopted the same monetary system; among these are Spain, Roumania, Bulgaria, and some of the Central and South American States.

Telegraphic Transfer is in some lists indicated by the abbreviation T.T.

FOREIGN RATES OF EXCHANGE ON LONDON

	Rates of Ex- change.	Usance.		Rates of Ex- change.	Usance.
Paris . . .	25·28 $\frac{1}{4}$	Cheques	Lisbon . . .	29d.	At sight
Brussels . . .	25·33	"	Madrid . . .	27·43	"
Amsterdam . . .	12·07 $\frac{1}{4}$	Short.	Italy . . .	25·39 $\frac{1}{2}$	"
Berlin . . .	20·43 $\frac{1}{2}$	"	Rio Janeiro . . .	16 $\frac{1}{2}$ d.	90 dys st
Do.	20·30	3 months	Valparaiso . . .	10 $\frac{3}{4}$ d.	90 dys st
Hamburg . . .	20·43	Short.	Buenos Ayres . . .	48 $\frac{1}{4}$ d.	90 dys st
Frankfort . . .	20·42	"	Montevideo . . .	51 $\frac{1}{8}$ d.	90 dys st
Vienna . . .	24·01	"	Calcutta . . .	1/4 $\frac{1}{16}$	telegraph
Basle	25·28 $\frac{1}{2}$	"	Bombay . . .	1/4 $\frac{1}{16}$	transfer
St. Petersburg . . .	93·90	3 months	Hong Kong . . .	1/9 $\frac{1}{16}$	"
New York . . .	4·83 $\frac{7}{8}$	60 days	Shanghai . . .	2/5 $\frac{1}{4}$	"

Every Wednesday and Friday morning the newspapers publish in addition a list showing the rates current "on 'Change," these rates representing those fixed by the bill brokers and bankers constituting the London market in foreign bills, who meet at the Royal Exchange every Tuesday and Thursday afternoon. The following is a specimen of one of these lists—

LONDON COURSE OF EXCHANGE

On	Usance.	Prices Negotiated on 'Change.			
		Thurs., Mar. 16.			
Paris	Cheques	25	27 $\frac{1}{2}$	25	30
Ditto	3 Months	25	45	25	50
Marseilles	"	25	45	25	50
Amsterdam	Cheques	12	1 $\frac{3}{8}$	12	1 $\frac{7}{8}$
Ditto	3 Months	12	3 $\frac{7}{8}$	12	4 $\frac{3}{8}$
Berlin	"	20	63	20	67
Hamburg	"	20	63	20	67
Frankfort	"	20	63	20	67
Vienna and Trieste	"	24	28	24	32
Antwerp	"	25	50	25	55
St. Petersburg	"		27 $\frac{7}{8}$	25	
Moscow	"		24 $\frac{7}{8}$	25	
Genoa, Naples, etc.	"	25	66 $\frac{1}{4}$	25	71 $\frac{1}{4}$
Madrid, Barcelona, etc.	"		43	43 $\frac{1}{4}$	
Lisbon	"		48 $\frac{1}{16}$	48 $\frac{5}{16}$	
Switzerland	"	25	50	25	55

The two different rates quoted in this second list represent the rates ruling for different quality bills, the first being for bank or first-class bills, *i.e.*, bills drawn on firms whose credit is beyond dispute, and the second rate being for what is known as ordinary commercial paper, that is to say, ordinary trade bills.

It will be noticed that in both lists the rates differ from the parities shown on page 360, and here it is necessary to point out that these rates are not for the transmission of gold itself from one monetary centre to the other, but for bills of exchange payable in the monetary centre indicated.

FOREIGN BILLS OF EXCHANGE.—There is no need here to go deeply into the subject of bills of exchange. So far as international indebtedness is concerned, bills of exchange constitute a sort of floating currency. One bill is a record of a debt payable by say a London merchant in Paris at a fixed date, and another is a record of a debt payable by a Paris merchant to one in London. By selling these bills to banks or bill brokers, the transmission of gold is avoided, and only when the banks have not sufficient bills on one country to set against those of the other, and cannot buy cheaply enough in other monetary centres, further bills payable in the desired country, does it become necessary to ship gold. In other words, a number of British merchants sell their claims on people resident in France, which, through the intermediary of the banks and discount houses, are set against the claims of French business men against British merchants. It is the clearing house principle over again, but with the difference that the final differences between countries are paid by actual consignments of gold instead of by mere entries in the books of the Bank of England, as is the case when one English Bank settles its debt to another. It might be added that bills payable in London are popular in other monetary centres and are a sort of international currency until they become due.

GOLD POINTS.—The rates of exchange, therefore, signify the cost of making remittances to the place or country indicated, whether it be by the purchase of a bill payable in such country, or whether it involve the ultimate shipment of gold.

The rates of exchange are always fluctuating, but there are fairly definite limits to the extent of these fluctuations, these limits

being determined by what are known as Gold Points. When a merchant in one country purchases goods of a merchant in another, he is, in the ordinary way, under the obligation of paying over to the seller at a certain date so much gold coin in the currency of the country in which the seller resides. How is he to do this? Somehow or other he is under the necessity of purchasing the requisite amount of foreign gold coin. The foreigner may have drawn a bill upon a purchaser for the amount of the commodity, or the purchaser may have bought a draft or cheque for the amount of his debt, payable at a bank in the country of the seller. The sum that he would have to pay to do this varies, however, from time to time. As we have already seen, the exact equivalent of the English sovereign in francs is 25·25. Consequently a London merchant having to pay a French supplier £100 payable in Paris, would obtain such remittance by paying one sovereign for every 25·25 francs of his debt. In actual practice, however, what he will receive for every sovereign he pays in London will vary between 25·35 francs and 25·15 francs, and the reason for these fairly definite limits which are called the "gold points" is as follows: If our imaginary London merchant could not purchase a bill payable in Paris in French currency wherewith he could liquidate his debt, he would be under the compulsion of purchasing in this country French gold coin if it were available, or, failing that, the exact equivalent in sovereigns or bar gold, and shipping it over to Paris, in which case he would have to pay over and above the actual gold equivalent of his debt, the cost of carriage and insurance. Consequently if he can purchase a bill of exchange or a cheque, *i.e.*, an order to someone in Paris to pay to someone else there the amount of his debt in French coin, it will be profitable for him to do so, so long as it does not cost him more than sending gold over in the manner described. This point is reached at about the rate of 25·15 francs. That is to say, so long as the London merchant can obtain for every sovereign he pays in London a remittance payable in Paris of not less than 25·15 francs, it pays him to remit in this manner. Should, however, the rate fall below this point, it would be cheaper for him to ship the gold, and when this point is reached gold may actually leave the country. Not that our imaginary merchant would himself buy the gold and ship it, but the bill brokers and bankers who constitute the market in these

foreign exchanges would find themselves under the necessity of exporting gold. On the other hand, the trend of remittance may be in the opposite direction, and there may be more Paris merchants having to remit money to London than there are London merchants having to remit money to Paris ; in this event the Paris merchant may have to pay as much as 20·35 francs for every sovereign he has to remit to London. At this point it becomes as cheap (theoretically) to ship gold from Paris to London as to purchase a bill. In other words, there is no longer any advantage in buying a bill or draft payable in London, so that there we arrive at the other gold or specie point in connection with remittances between Paris and London. In practice, however, the rate in Paris sometimes rises above specie point without any gold being shipped, the reason being that means are taken to prevent the shipment of gold. In the case of each country these gold points are just as much higher or lower than the mint par of Exchange as is represented by the cost of forwarding and insuring gold from one centre to another.

FAVOURABLE AND UNFAVOURABLE RATES OF EXCHANGE.—The rates quoted in both lists shown in the foregoing pages indicate the amount that has to be paid or that will be received in exchange for a certain sum or unit, this unit being understood and not shown. For example, in the first list, the figure placed against Paris, namely 25·28½, means that the individual in Paris wishful of purchasing a remittance payable in London must pay 25 francs and 28½ centimes for every £ sterling he wishes paid in London. As we have already seen, the mint par, *i.e.*, the exact gold equivalent of the sovereign expressed in francs, after allowing for the difference in weight and fineness of French gold coins, is 25 francs and 22½ centimes, so that in this instance the person in Paris would have to pay 5½ centimes per sovereign more than the exact equivalent in order to effect his remittance. This, however, would be cheaper than shipping over to London the equivalent amount of gold which, as we have already seen, would cost about 25 francs and 35 centimes per sovereign. As, however, from the point of view of the remitter in Paris the rate of exchange was on the wrong side of the mint par, it would be to him an unfavourable rate, whereas a London merchant having to remit money to Paris and finding himself able to buy for every sovereign 25 francs and 27½ centimes as shown in the

London list (the second example) would consider the rate favourable to him, because he would get more than the actual gold contents of each sovereign, and it would cost him about 1d. less per £ sterling than at a time when the rate of exchange between Paris and London was 25f. 19½c., which is frequently the case.

Similarly to the Paris rate of exchange, most of the rates in the lists express the amounts in foreign currency that will be given against the unexpressed unit of £1. Thus, the Berlin rate shows the equivalent at the current rate of £1 in Marks and Pfennige (it is really more correct to write "Mark" than "Marks," as the German plural of Mark is the same as the singular), the Vienna rate in Kronen (crowns) and Heller, the Dutch in Florins and Cents, the Italian in Lire and Centesimi, the Spanish in Pesetas and Centimos and the Alexandria rate in Piastres. Swedish, Danish and Norwegian show the number of Kroner (crowns) and ore to the £.

On the other hand, the Portuguese, the Indian, the Chinese and the Japanese rates are expressed the other way round, *i.e.*, in pence, the unexpressed unit being *not* the £ sterling but the unit of the other country, the Milreis, the Rupee, the Tael, and the Yen respectively.

In the second, or London, list, the Dutch exchange is shown in Florins and Stivers, the latter being an antiquated coin equal to 5 cents (Fl. 0.05), so that to bring it to the same method of expression as the Dutch rate on London the stiver must be multiplied by .05. In the two lists it will be seen that the rate for remittance from Amsterdam to London is given as 12.07½, which means 12 florins 7½ cents, whereas in the London list it appears as 12.1½. Multiplying the 1½ stivers by 5 we find that the London rate signifies an exchange of 12 florins 6¾ cents.

In the daily list the Russian exchange on London is quoted in roubles and copecks for *ten* pounds sterling, but in the "Course of Exchange," or London list, the number of pence to the rouble is given. The Spanish rate similarly gives the equivalent to the £ sterling in pesetas, whereas the London quotation is the number of pence per peso or 5 pesetas.

For memorising purposes it is sufficient to say that, speaking generally, the rates of exchange between the United Kingdom and European countries are expressed in the amount of foreign currency that has to be paid for, or is received in exchange for £1

sterling, whereas the majority of extra-European exchanges are expressed in pence for the foreign unit.

The American rates are expressed on the American side in dollars to the £, but London quotes the number of pence to the dollar. In the daily papers the New York rate of exchange on London is usually given in the column containing the cabled prices from the New York Stock Exchange, and not in the ordinary list of foreign exchanges.

The difference in the rates of exchange for short and long bills (the latter usually three months) is accounted for by interest, for as the buyer of a three months' bill parts with ready money and receives a remittance payable only three months later, he is entitled to interest on his money for that period. This interest is usually calculated at round about the foreign bank rate.

Enough has already been written to show what constitutes a favourable and what an unfavourable rate of exchange. A rate is favourable to this country when the £ sterling purchases more of a foreign currency than the mint par, and it is unfavourable when it purchases less. This means, therefore, that so far as relates to those exchanges expressed in foreign currencies, *e.g.*, the French, Belgian, Italian, German, Austrian, Swedish, the higher the figure the better for us, and the best way of remembering this is to memorise the sentence "*high rates are for us, low against us*"; but it must at the same time be remembered that this applies particularly to the European exchanges and that for all those exchanges expressed in *pence* for the foreign unit, *e.g.*, the Argentine, Brazilian, Indian, Chinese, Japanese, it is the low rates which are to our advantage, for then we have to pay less in our money to remit a certain sum in the foreign currency, or we receive a larger sum of the foreign currency for a certain amount of English money, as the case may be.

Of the causes of fluctuations in the foreign exchanges it is unnecessary to say much more, and it will be recollected that a means of making an unfavourable exchange more favourable is often found in raising the bank rate, and thus attracting an inflow of foreign gold. At certain times of the year when a country like the Argentine or the United States is harvesting and exporting a large portion of its crops, *e.g.*, corn and cotton, European countries, and the United Kingdom in particular, may have large payments

to make to those countries without such payments being counter-balanced at the moment by a correspondingly large set of payments to ourselves. At such a time the demand for bills being all one way the rate will rise until specie point is reached, and gold exports to the countries named become likely. At another season the current of remittances may be all the other way.

In the case named it does not follow that gold will at once be shipped, for there may be in other monetary centres a supply of bills on the Argentine or the United States, in which case it may be profitable for English bankers and bill brokers to buy up such bills until they are so scarce and dear as to render gold exports necessary. This is, however, part of the bankers' and bill brokers' business, and the individual trader is not directly concerned or usually aware of this part of the business of foreign remittances.

The calculation of the foreign exchanges is, of course, a division, or multiplication sum. Thus, if one wishes to know what a bill for Frs. 20,000 payable in Paris will cost when the London sight (cheque) rate on Paris is Frs. 25·30, all that has to be done is to divide Frs. 20,000 by 25·30 and the answer is given in pounds sterling. Or, where the exchange is expressed in pence to the foreign unit, as in the case of the Brazilian rate, and it is desired to ascertain what a three months' bill on Rio for say 5,000 milreis would cost, the rate being 16½d. (per milreis), it is merely necessary to multiply the one by the other and the answer is given in pence.

The complicated problems and calculations shown in some of the advanced works on this subject do not occur in ordinary business.

TELEGRAPHIC TRANSFERS.—The letters TT are often to be seen against some of the rates of exchange in the daily papers. These signify "Telegraphic Transfer" and are much used between the United Kingdom and India and the United States. Instead of purchasing a bill payable at sight, one purchases an immediate remittance by means of cabled authority from a bank or other institution to a similar concern on the other side to pay out a given sum to a person named. This method of remittance is dearer than purchasing a bill, but is sometimes convenient.

COUNCIL BILLS (OR DRAFTS).—These are drafts drawn by the India Council in London on the Indian Government and are payable at the Government Treasuries in Bombay, Calcutta or Madras.

The price is quoted in the money article of the daily newspaper, and these drafts are, of course, a most convenient means of effecting remittances from the United Kingdom to India.

QUESTIONS

1. Give a definition of the term "Market" and state what is meant by the Money Market.
2. Give a brief history of the formation of the Bank of England.
3. What services does the Bank of England render to the Government?
4. What is the chief Act by which the Bank of England is regulated, and name some of the provisions of this Act?
5. What are the chief duties of (a) the Issue Department; (b) the Banking Department, of the Bank of England?
6. Draw up a specimen Bank Return, using figures as nearly correct as possible.
7. What is represented by the items: Public Deposits, Other Deposits, and Rest, which occur in the return of the Banking Department?
8. State what you know about the Gold Reserve.
9. In what way do the regulations of the Imperial Bank of Germany differ from those of the Bank of England regarding the issue of notes?
10. Specify some of the causes of drain on the reserve.
11. What measures are taken by the Bank of England to prevent the stock of gold falling too low?
12. What is meant by the Bank Rate, and by whom is this fixed?
13. What effect has the raising of the Bank Rate on the English Money Market, and on the markets of foreign countries?
14. State as clearly as you can the meaning of "Foreign Exchanges."
15. Define the term "Mint Par of Exchange," and state the Mint Par of Exchange for France, Germany, United States, and Holland.
16. What is the difference in meaning, if any, between "Foreign Rates of Exchange on London" and "London Course of Exchange"?

17. "The Rates of Exchange are always fluctuating between fairly definite limits." By what are these limits determined?
18. What do you understand by favourable and unfavourable rates of exchange? Give examples.
19. "High rates are for us; low against us." What is the meaning of this?
20. For what purposes are Telegraphic Transfers and Council Bills used?
21. State briefly, but clearly, how money is located from one country to another.
22. Explain clearly how a rise in the Bank Rate affects the movement of gold between London and other financial centres.
23. Find the sterling value of 924.75 Francs at 25.36 $\frac{1}{4}$.
24. Explain why there can be no fixed par of exchange between a gold standard country and a silver standard country.
25. State the equivalent of £100 in the moneys of the following countries at the rates of exchange mentioned—

France	..	..	..	..	25.27
Holland	..	..	..	..	12.06
Germany	..	..	..	..	20.42
United States	..	..	..	..	4.85
26. Give the English equivalent of the following sums at the rates mentioned—
 - 1,500 Florins at 12.4.
 - 1,725 Marks at 20.42.
 - 970 Roubles at 24 pence.
 - 1,890 Francs at 25.22 $\frac{1}{2}$.
27. For how many Francs would you draw a Bill of Exchange on a Paris firm if the amount of your account was £142 10s. and the rate of exchange 25.21?

CHAPTER XXIV

IMPORTS—CUSTOMS FORMALITIES

THE principal imports of this country are produce, food-stuffs, and raw materials. Of these, the first two are imported chiefly "On Consignment," and the last-named "Against orders." In both cases the customs formalities are the same, and these are dealt with in the succeeding chapter.

IMPORTS ON CONSIGNMENT.—These consist, as a rule, of produce shipped for sale on commission, the senders having arranged with a firm in this country to accept the goods and sell them on their behalf. It is chiefly sold by auction at the various recognised places, the goods being sold from samples. The principal markets are—

Tea, Coffee, and Sugar. The Commercial Sale Room, Mincing Lane, London; also the Produce Exchange, Liverpool.

Fruit (green) is principally sold in London at Pudding Lane and Covent Garden.

Oil Seeds, and Oils and Oil Cake, sold at the Baltic, St. Mary Axe, London; also at Hull.

Cotton, at the Cotton Exchange, Liverpool, Manchester, and a very small quantity in London.

Rubber, Mincing Lane, London.

Wool, at the Wool Exchange, Coleman Street, London; also Liverpool, and sometimes Bradford.

The Broker will receive from the senders the Bills of Lading, *Pro forma* invoice, and Weight Note, and after the goods have been sold, the broker or merchant will forward to the senders an account of the sales. (See page 372.)

The consignee (A. Frost) on the arrival of the cotton gives instructions to a firm of brokers (Sellers & Co.) to sell it by auction. This having been done the brokers hand to him an Account Sales. (See page 371.)

INVOICE of 100 bales Wool shipped per ss. "Snake" to London, consigned to Mr. A. Frost, London, for sale on account of B. Still, Sydney.

W E. 1/100. 100 bales Wool.

350 3 14 gross

10 2 14 tare.

340 1 0 net = 38,108 lbs. @ 7½d. per lb.

Additional Expenses

Shipping @ 6d. per bale

Wharfage @ 4d. per bale

Marine Insurance £1,500 @ 20/-% and stamps @ 1d. per £100

£	2	10	0
	1	13	4
15	1	3	

1,190	17	6
19	4	7
£	1,210	2 1

Freight payable in London.

39,298 lbs. @ ½d. per lb. & 10% £90 1s. 2d.

Sydney, 2nd March, 19..

B. STILL.

BROKER'S ACCOUNT SALES

ACCOUNT SALES of 100 bales Wool ex ss. "Snake" from Sydney, sold by auction on 3rd April, 19.., for account of A. Frost.

Lot	B/s.	Mks.		lbs.	Price.	£	s.	d.
17	25	W E 1/25	87 2 24 gross 2 2 18 tare <u>85 0 6 net</u>	9,526	10d.	396	18	4
18	25	W E 26/50	87 2 24 gross 2 2 18 tare <u>85 0 6 net</u>	9,526	10d.	396	18	4
19	50	W E 51/100	175 1 21 gross 5 1 9 tare <u>170 0 12 net</u>	19,052	10d.	793	16	8
						1,587	13	4
100 samples @ 8d. less ½			£3 6 8 1 2 3	2	4	5		
Sale expenses, 3d. per bale Brokerage, ½%			1 5 0 7 18 9	9	3	9	11	8 2
London; 5th April, 19.. SELLERS & Co.						£1,576	5	2

In addition to the brokers' charges, other expenses are incurred, a statement of which is made out in the form of an Account Sales to be transmitted along with a remittance for the net proceeds, to the consignor.

MERCHANT'S ACCOUNT SALES

ACCOUNT SALES of 100 bales Wool ex ss. "Snake" from Sydney, sold by auction on 3rd April, 19.., for account of B. Still, Sydney.

Lot	B/s.	Mks.				lbs.	Price.			
17	25	W E 1/25	87	2	24	gross				
			2	2	18	tare				
			85	0	6	net	9,526	10d.	396	18 4
18	25	W E 26/50	87	2	24	gross				
			2	2	18	tare				
			85	0	6	net	9,526	10d.	396	18 4
19	50	W E 51/100	175	1	21	gross				
			5	1	9	tare				
			170	0	12	net	19,052	10d.	793	16 8
Freight on 39,298 lbs. @ ½d. per lb and 10%							90	1	2	
Fire Insurance, £1,500 @ ½%							1	17	6	
Dock Dues @ 4d. per bale Wharfage @ 1/3 per ton							2	10	11	
Cartage							1	9	4	
Sale expenses							1	5	0	
Samples, 100							2	4	5	
Brokerage ½ %							7	18	9	
Commission, 2½ %							39	13	10	
									147	0 11
									1,440	12 5

E. & O. E.
London; 10th April, 19..
A. Frost.

IMPORTS AGAINST ORDERS.—As already stated, Imports against orders usually consist of goods for which a firm order has been given by an importer. The importer will wire out to his supplier full

particulars of the goods he has bought, and give him instructions regarding the time the goods are to be shipped, and to what port they are to be consigned. This is usually the port nearest to the town in which the goods are required to be used. The shipping charges and freight are frequently paid by the supplier. After the goods have been shipped, the supplier will forward to the importer the Bills of Lading (without which document it is impossible for the merchant to obtain possession of the goods on arrival), Invoice, and Weight Note. If the importer's place of business is not at the port where the goods will arrive, the Bills of Lading will be forwarded to the Steamship Company or Shipping Agent, to whom instructions will be given to clear the goods, and forward them to their destination. In this case, the Steamship Company or Shipping Agent will deal with the goods on arrival, pass the necessary customs entries, and forward to the importer an account of all expenses incurred.

The invoice shown below would be sent by the Consignor to the Buyer, with Bill of Lading and other documents, including a weight note, giving particulars of the weight of each bale.

INVOICE of 90 Bales Cotton, shipped by *Gaudia & Cie* per (s.) "*Pandia*" for *Liverpool*, by order for account and risk of *Wm. Shaw, Oldham*.

G S I 1/90	90 Bales Sea Island								
	Gross weight	290	1	9					
	Tare	12	0	6					
	Net	278	1	3					
	or 31,167 lbs. @ 5½d. c.i.f.	..	..	..	681	15	7		
	Less Freight payable at Liverpool ..	..	..	..	91	18	9		
					£ 589	16	10		

Porto Rico, 11th Feby.
GAUDIA CO.

WEIGHT NOTE

Weights of G S I 1/90. 90 Bales Cotton, shipped per ss. "*Pandia*" to Liverpool by *Gaudia Cie, Porto Rico*.

Nos.		Tare	Nos.		Tare	Nos.		Tare	Nos.		Tare
1	3	25	31	3	25	61	3	1			
2	3	27	32	3	22	62	3	27	1/10	32	24
3	3	26	33	3	26	63	3	26	11/20	32	27
4	3	23	34	3	24	64	3	1 2	21/30	32	24
5	3	1 0	35	3	26	65	3	26	31/40	32	27
6	3	23	36	3	27	66	3	25	41/50	32	25
7	3	23	39	3	25	67	3	1 4	51/60	32	26
8	3	20	38	3	25	68	3	26	61/70	32	1 26
9	3	27	39	3	25	69	3	20	71/80	32	27
10	3	26	40	3	26	70	3	1 6	81/90	32	27
	32	24	15	32	27	15	32	1 26	15	290	1 9
									Tare	12	0 6
11	3	26	41	3	25	71	3	23			
12	3	22	42	3	27	72	3	26			
13	3	25	43	3	24	73	3	26			
14	3	26	44	3	26	74	3	25			
15	3	25	45	3	21	75	3	26			
16	3	24	46	3	26	76	3	24			
17	3	27	47	3	25	77	3	27			
18	3	26	48	3	23	78	3	25			
19	3	25	49	3	1 0	79	3	24			
20	3	25	50	3	24	80	3	25			
	32	27	15	32	25	15	32	27	15		
21	3	27	51	3	26	81	3	25			
22	3	20	52	3	23	82	3	22			
23	3	24	53	3	26	83	3	24			
24	3	24	54	3	24	84	3	27			
25	3	27	55	3	26	85	3	25			
26	3	23	56	3	27	86	3	26			
27	3	26	57	3	26	87	3	25			
28	3	25	58	3	23	88	3	24			
29	3	26	59	3	25	89	3	27			
30	3	26	60	3	24	90	3	26			
	32	24	15	34	26	15	32	27	15		

The Consignee (Mr. Wm. Shaw, of Oldham) gives the necessary instructions to a firm of Forwarding Agents to receive and forward the Consignment from Liverpool to Oldham, and when this has been done the following account will be sent for services rendered and payments made.

INVOICE FROM SHIPPING AGENT TO MERCHANT

*Mr. William Shaw,**O'dham.*

Dr. to A. MANN & Co.,

Shipping and Forwarding Agent.

To freight on 14 tons 10 cwts. 1 qr. 9 lb. @ $\frac{1}{2}$ d. per lb. and

10s. per ton	91	18	9
„ Harbour dues @ 4d. per bale	1	10	0
„ Master Portorage @ 1s. 3d. per ton		18	2
„ Cartage to Station	1	4	3
„ Sampling and postage		2	6
„ Passing Customs Entry		2	6
	95	16	2

E. & O. E.

NOTE.—For delivery order of this transaction, see page 376

CUSTOM HOUSE.—In order to obtain possession of the goods, the consignee or his agent must be in possession of the Bills of Lading, and in addition must pass a Customs Entry at the Custom House. This is a Government office which is situated at all ports, where all ships report on arrival, and are cleared inwards and outwards, and where all entries have to be lodged. Moneys are also received here in payment of duty, light dues, etc. The captains of all ships (except those engaged in the coasting trade) have to go to the Custom House and hand in the ship's report within twenty-four hours of the vessel's arrival.

DELIVERY ORDER. After having passed the Customs Entry (for particulars of which see later in this chapter) it will be necessary to obtain a Delivery Order before the goods can be taken possession of.

This is a document issued by the Steamship Company or Steamer's Agents, and enables the consignee or his agent to collect goods from the docks. The order is made out on the Master Porter or Dock Company, contains particulars of the marks and numbers of the packages, the number of packages and the contents, and the name of the vessel from which the goods are discharged. It also indicates where the goods are to be obtained. The Delivery Order is issued to the consignee or his agents against production of the Bills of Lading duly endorsed, and against payment of all freight

and charges. In some cases the agents stamp a Delivery Order on the Bill of Lading.

The person collecting the goods will have to present the Delivery Order to the Master Porter or Dock Company, after having paid any charges due to the harbour authorities. On production of the Delivery Order, the goods will be handed over to the carrier, who will sign the delivery book of the Master Porter. The carrier will sign for the number of packages he receives, and will also—in the event of their not being in good condition—state in what condition they are, *e.g.*, case broken, wrappers torn and goods exposed, etc. In the event of the importer not wishing to take delivery of the goods himself, owing to his having sold them to another person, he will endorse the Delivery Order in favour of the person to whom the goods have been sold.

DELIVERY ORDER

THE JOHN BULL STEAMSHIP CO., LTD.

To the Master Porter, Princes Dock, Liverpool.

Please deliver to Messrs. A. Mann & Co., the following Goods, ex ss. "Pandia" @ Porto Rico.

Marks and Nos.		Number and Description of Packages.	CONTENTS.
C S I	1/90	90 bales	Cotton

Please note that all goods whilst lying on the Quay, or in any Quay Shed, are in every respect at the Owners' and/or Consignees' sole risk, as the Shipowner will not be responsible for damage or loss by Fire, Theft, Weather, or however otherwise caused.

THE JOHN BULL STEAMSHIP CO., LD.

Per A. GOODSON.

It sometimes happens that the consignment has to be split up amongst several people, in which case the importer will endorse the Delivery Order, "Please deliver against our sub-orders," and will forward this to the Master Porter. The importer will issue his sub-orders to his various customers for the quantity of the consignment they have bought, and these will have to be presented to the

Master Porter in the same way as the Delivery Order issued by the agent.

When goods are not packed, but are in bulk, they are signed for in loads as each is taken away.

WEIGHING.—On landing the goods, the consignees may arrange to have them weighed if necessary. The weights can be taken in various ways, for instance, the separate weight of each package, or if only the total weight of the consignment is required, as many packages as possible will be put on the scale together. If weighed together in drafts (the usual draft being five or ten packages, according to the size), the weight of each draft is shown on the Weight Note. In some instances, more especially where the goods are in bulk, they are weighed on carts over a weigh-bridge. The procedure is as follows: First the empty lorry is weighed, the weight thus ascertained being called the tare. The lorry is again weighed when loaded with the goods, this being the gross weight, so that by deducting the former from the latter, the weight of the goods is arrived at. If the goods are loaded direct into railway wagons (in order to avoid the charge for Master Portage) the same procedure is necessary as with carts. Instructions for the weighing of goods will have to be given to the Master Porter, who will attend to this service. At a number of ports, the cost of weighing is included in the charge for Master Portage, but where there is not an inclusive charge, the expenses for weighing will be debited to the importer.

COPY OF "WEIGHT NOTE" FOR ASPHALT (BULK) WEIGHED IN
TARED WAGON

a/c MESSRS. J. SMITH CO.,
Newcastle.

WEIGHT NOTE.

Weight of Asphalt (blocks) ex ss. "Sunday," from Bremen.

Mark.	Gross Weight. Quantity.				Actual Tare.				Net Weight.			
	T. Cwt. Qrs. lbs.				T. Cwt. Qrs. lbs.				T. Cwt. Qrs. lbs.			
Wagon L. & N.W. 39,349	15	16	2	0	6	0	2	0	9	16	0	0

LANDING ACCOUNTS.—When goods have not been removed within a certain time after having been landed, they are weighed, tared, etc., and entered on a form called the Landing Account. This contains all the particulars of the goods, marks, numbers, etc., also the weights, the name of the firm who entered them, with steamer's name from which the goods were discharged, where the steamer was from, and also from what date rent is incurred.

DOCK WARRANT.—This is a document issued to the owners of the goods by the Dock Company when they have removed the goods to warehouse. It is similar to the Landing Account, and bears the same particulars. Once a Dock Warrant has been issued, goods will only be delivered against its production, either to the owners, or should the goods have been disposed of, to the person who has bought them, provided that the Warrant has been properly endorsed in the same manner as a Delivery Order.

CUSTOMS FORMALITIES

As stated earlier in this chapter, Customs Entries have to be passed for all goods imported into this country. If the goods are not liable to duty a "Free Entry" is passed; if liable to duty a "Prime Entry" or "Entry for Home Use" is required, but if the goods are for another country, then a "Transshipment Entry" will have to be lodged. All these entries are required on special forms published in accordance with the Customs requirements, and must be in duplicate. At nearly all ports, entries, etc., have to be presented at the harbour or dock offices, where they will be stamped, this being to show the Customs officials that the dues, etc., have been paid. All entries must bear the steamer's name, captain's name, the place whence the steamer has arrived, and also at what station the steamer is lying.

DUTIES.—In comparison with other countries, the number of articles on which import duty is levied in this country is very small. The duties charged are known as Specific Duties, that is, they are charged at so much per lb., per cwt., or gallon, as the case may be.

ENTRY FOR HOME USE EX-SHIP. PRIME ENTRY.—These entries are required for dutiable goods, which are intended for immediate home consumption. Like the other entries, they must be in duplicate, and all marks, numbers, etc., also net weight or quantity

ENTRY FOR HOME USE EX-SHIP

Port of Liverpool Dock or Station, Alexandra South.

Importation, } Name and address of A Nibb Co., Liverpool.

Merchant paying the Duty, (If Post) Prime Entry No. dated 191.. Port or place of Shipment of Goods.

Ship's Name.	Date of Report.	Master's Name	Bremen			
"Bluebird"	9 3 11	Charles Cumming				
Place and Country of destination in United Kingdom for Un-manufactured Tobacco and Spirits only.	Number of Packages and Quantity in Words and Description of Goods in accordance with the Official Import List.		Name of place whence Goods consigned	Quantity in Figures.	Value.	£ s. d.
Marks and Numbers.	One thousand Bags refined Sugar O.S. Ex. 980		Bremen	2,000 cwt.	£1,610	183 6 8
Black Star.	Total amount of Duty payable on this entry		.. ..		£ 183 6 8	
			Collector's No. and Date.			

I declare the above particulars to be true. (Signed) per L. C. Clarke. Importer or his Agent.

Date, 10th March, 191..

(1) In the case of goods which are invoiced at a quoted price, the value to be stated in the Customs Entry should be the prime cost with the freight and insurance added ("c.i.f.") value.

(2) When the goods are consigned for sale, the value to be given should be the latest sale value of such goods.

as well as the amount of duty to which they are liable, must be stated. The duty must be paid at the time the entry is handed to the Collector of Customs, otherwise the entry will not be accepted.

POST ENTRY.—Should it be found, on the landing of dutiable goods, that the quantity is in excess of that entered by the importer, the latter will have to pass a Post Entry, unless the amount is under 1s. The form for the Post Entry is the same as for the Prime Entry, except that instead of the full particulars being given, only the quantity landed in excess of that stated on the Prime Entry is shown, and the additional amount of duty. The Post Entry will also bear the same number as the Prime Entry, and also the same date.

OVER-ENTRY CERTIFICATE.—In the event of the importer having over-entered the quantity of goods, and consequently paid duty on more than is landed, the Customs authorities will issue an Over-Entry Certificate for the difference between the quantity entered and that landed, unless the amount be less than 1s. This Certificate enables the importer to receive the over-paid duty from the Collector.

BILL OF SIGHT (B/S).—It sometimes happens that the importer has not the necessary particulars to enable him to pass either a Free or Prime Entry, in which case a Bill of Sight is used. When the quantities are ascertained by the Customs, the Bill of Sight has to be perfected by the importer within three days. This is done by endorsing upon the Bill of Sight whether (a) duty is payable on the goods; (b) the goods are for warehousing; or, (c) if such be the case, for delivery free of duty. No goods will be delivered until the Sight has been perfected. If a perfect entry is not made, the goods are removed to the King's Warehouse, and may be sold one month after landing if not properly entered within that time. A perfect entry is usually endorsed on the Sight, but if some of the goods are not liable to duty, then two entries will be required. Again, if the importer only wishes to clear a portion of the goods liable to duty, and to warehouse the balance, three entries will be necessary, viz., a Free Entry, a Duty-Paid Entry, and a Warehousing Entry. The last entry made on the Sight will be headed "In full of Sight," whereas the others will be "In part of Sight." (See form.)

BILL OF SIGHT

Port of *Manchester.*

Importer, *Brown, Cross & Co.*

Wharf, Dock, or Station.	Ship's Name.	Whether British or Foreign ; if Foreign, the Country.	Master's Name.	Port or Place from whence Imported	Name of Importer or of his Agent.
6 <i>Salford</i>	" <i>Monarch</i> "	<i>British</i>	<i>G. Look</i>	<i>Rotterdam</i>	<i>Brown, Cross & Co.</i>

Marks.	Numbers.	Name of place whence the Goods consigned.	Number of Packages, with the best Description of the Goods the Importer is able to give.
<i>B C & C</i>	<i>1,20</i>	<i>Rotterdam</i>	<i>Twenty casks Wine</i>
<i>"</i>	<i>21/22</i>	<i>"</i>	<i>Two cases Paper</i>

I, *A. Brown (Brown, Cross & Co.)* Importer of the Goods above-mentioned do hereby declare that I have not (or that to the best of my knowledge he has not) received sufficient Invoice, Bill of Lading, or other advice from whence the Quality, Quantity, or Value of the Goods above-mentioned can be ascertained.

Dated this *15th* day of *April*, 19..

(Signed) _____

Importer, or his Agent.

(Signed) _____

Collector.

Port of Importation, Manchester. Dock of Station, 6 Salford.

Importer's Name } Brown, Cross & Co.,
and Address } Cheapside, Manchester.

Ex. (s.) "Monarch", @ Rotterdam. Date of Report and
15/4/

In Part of Sight Customs Rotation No.

Marks.	Num- bers, etc.	Number of packages, quantity and description of goods, in accordance with the requirements of the Official import List.	¹ Desti- nation.	Value.	Duty.	
					£	s. d.
B C & C	1/10	Ten casks Red Wine, containing Eight hun- dred gallons, ne 30%	Man- chester	£ 0	50	
		above particulars to be true. I declare the Dated 17th April, 19..				
B C & C	21/22	(Sgd.) A. Brown In Part of Sight Two cases Paper, Advertising matter.	A. Brown	No value	Nil	
		Stationery 7 0 0 above particulars to be true. I declare the Dated 17th April, 19..				
B C & C	11/20	(Sgd.) A. Brown. In Full of Sight. Ten casks Red Wine, containing eight hun- dred gallons ne 30%	Man- chester	£70	Midland	
		I enter the above goods to be Warehoused at Railway Co.'s Bonded Warehouse. Ancoats Station, Manchester, and declare the above particulars to be true. Dated this 18th day of April, 19.. (Sgd.) A. Brown.				

Certified correct,

Surveyor.

Date

To the Surveyor,

Sir,

I request an extension
of time from
to in order
to perfect sight.

pro

¹ Place and Country of destination in United Kingdom to be shown for
Spirits and unmanufactured Tobacco only.

N.B.—The usual declaration must be added in MS. This form is to be
adapted for Free or Warehousing Entry.

WAREHOUSING ENTRY.—When dutiable goods are imported, which are not required for immediate use, they are stored in warehouses approved by the Customs authorities. In such a case, a Warehousing Entry must be passed in duplicate. This entry must contain the marks, numbers and contents of the packages, and the name of the warehouse in which the goods have to be stored. Should the goods be for warehousing at another port or place, then in addition to the Warehousing Entry, the importer will have to enter into a bond for double the amount of duty for which the goods are liable. This is cancelled by the Customs on arrival of the goods at the warehouse within the time specified on the entry.

When consignees wish to take delivery of part or the whole of a consignment, they will have to take out a Warrant for Wet or Dry Goods for Home Consumption, as the case may be. This form is issued by the Customs authorities, and is in three parts.

A specimen form is appended, which will be found self-explanatory.

TRANSHIPMENT ENTRY.—When goods are imported with the intention of being re-shipped to another country, it is necessary to pass a Transshipment Entry. For free goods the entry is similar to the Free Entry for goods destined to remain in this country, except that the Port of Exportation has to be given, and also the name of the Exporting Vessel.

For the transshipment of dutiable goods, it is necessary to present to the proper officer a Warrant and Delivery Order in approved form, together with a Shipping Bill, and also to give bond. Further, there will be required a Bond Note for Transshipment and Exportation and a Transshipment Delivery Order. This latter is handed to the customs officer in charge of the Importing vessel.

ENTRY FOR BAGGAGE AND PRIVATE EFFECTS.—This entry, which is called a "Baggage Sufferance," is required for goods of a personal character, household goods used, and private effects not being imported by way of merchandise.

A specimen form, which is obtained from his Majesty's Customs, is given on page 394, and requires no explanation.

ENTRY FOR WAREHOUSING

Port, *Manchester.*

Dock or Station, *6 Salford.*

Importer's Name, *Brown Cross & Co.*

Ship's Name.		Date of Report.	Port or Place whence.		
<i>" Monarch."</i>		<i>15th April</i>	<i>Rotterdam</i>		
Marks and Nos.	No of Packages.	Description of Goods in accordance with the Official Import List.	Name of place whence Goods consigned.	Quantity.	Value £.
<i>B C & C 100/110</i>		<i>Ten Casks Red Wine containing eight hundred gallons. No. 42°</i>	<i>Rotterdam</i>	<i>800 galls.</i>	<i>90</i>

I enter the above Goods to be Warehoused, *Chapel St. Bond, Salford,* and declare the above particulars to be true.

Dated this *18th* day of *April*, 19..

(Signed) *A. Brown,*

Importer.

ENTRY FOR WAREHOUSING AT ANOTHER PORT OR PLACE

Under the provision of Warehousing Code, pars. 219/223.

Port of Importation, *Manchester.*

Dock or Station, *6 Salford.*

Importer's Name, *Brown, Cross & Co.*

Ship's Name.		Date of Report.	Port or Place whence.		
<i>" Monarch "</i>		<i>15th April</i>	<i>Rotterdam</i>		
Marks and Nos.	No. of Packages.	Description of Goods in accordance with the Official Import List.	Name of place whence Goods consigned.	Quantity.	Value. £
<i>B C & C</i>	<i>111/25</i>	<i>Fifteen casks Red Wine Ne 42°</i>	<i>Rotterdam</i>	<i>1,200 galls.</i>	<i>150</i>
Bond given for the warehousing of the above-mentioned goods as under within —		<i>six</i>	<i>days.</i>		
		<i>1</i>	<i>on gross weights</i>		

I enter the above Goods, which are to be removed from the ship's side in locked vans without weighing, to be

Warehoused in *L. & N. W.* ^{Customs}

^{Excise} Warehouse at *Chester.*

and declare the above particulars to be true.

Dated this *18th* day of *April*, *19..* {

(Signed) *A. Brown,*
Importer.

¹Delete inapplicable words.

I. WARRANT.—DRY GOODS, EXCEPT TEA AND TOBACCO, FOR HOME CONSUMPTION

Collectors' No _____

Warehouse, 12 Salford 8

Number _____

Date _____

Month and Year, 3rd April, 19..

Ship and date of Importation or (s.) "Spot" 24th March, 19..

Customs Rotation and Year, _____

Bonder's Name, Black and White.

Register and Folio.	Number and description of Packages and Goods.	Imports.		Weight for Duty.
		Marks and	Nos.	
	<i>Fifty bags refined Sugar, O.S. Ex 98°</i>	<i>B & W</i>		100 cwt/s.
				Officer. Date.

Duty, _____ *nine* pounds
three shillings *four* pence. Duty £9 3 4

Black & White,

Name and address of
 Firm paying Duty.

Manchester,

Collector of Customs.

II. WAREHOUSEKEEPER'S ORDER.

To the Warehousekeeper at 12, Salford 8

You may deliver the undermentioned goods, provided that they are actually removed from the warehouse before any addition has been made to the duty chargeable.

Ship and date of Importation, or (s.) "Spot" 24th March, 19..
 Customs Rotation and Year, }

Bonder's Name, Black & White

Warehouse Number

Month and Year, 3rd April, 19..

Number and description of Packages and Goods in words.	Import.		Date of delivery, to be filled in by the Warehousekeeper.
	Marks	Nos.	
<i>Fifty bags refined Sugar O.S. Ex 98°</i>	<i>B & W</i>		

Fifty bags refined Sugar O.S. Ex 98°

B & W

Black & White,

(Name of Firm
 (paying Duty.

Officer of Customs.

NOTE.—If the Duty is paid on Gross Payment Receipt this Memo is not required, and should be detached.

III. MEMORANDUM TO BE RETAINED BY COLLECTOR.

Station, Salford 8.

Paid by Black & White

£	s.	d.
9	3	4

Description of Goods Refined Sugar, O.S.
Ex. 98°

Collector's No.
 and Date.

ENTRY FOR FREE GOODS IN TRANSIT ON THROUGH BILL OF LADING

Port, *Manchester.*

Dock or Station, *7 Salford.*

Importer's Name, *G. Pabst.*

Port of Exportation, *Manchester.*

Exporting Vessel, "*Manchester Commerce*"

(No.).

This space is for
the use of the
Officers of
Customs.

Examination.

Ship's Name.	Master's Name.	Rotation No.	Date of Report.	Port or Place whence.
" <i>Rhinelake</i> "	<i>G. Surr</i>		<i>15/4/</i>	<i>Hamburg</i>
Marks and Nos.	No. of Packages and Description of Goods, in accordance with the Official Import List.	Name of Place whence goods consigned.	Quantity.	Value £.
<i>A I M 1/30</i>	<i>Thirty cases Crockery Earthenware</i>	<i>Hamburg</i>	<i>45 cwts.</i>	<i>75</i>

I enter the above Goods as free of Duty, and declare the above particulars to be true.

Dated this *20th* day of *April*, 19..

(Signed) *G. Pabst*

per A. Rayne.

Importer or his Agent.

No 4. FOR TRANSHIPMENT ONLY.

*Bond Office, Customs,
20th day of May, 19..*

THESE are to certify that Messrs. A. Nibb & Co.,
Liverpool, have given Security as required by Law
for the due Transhipment of

*E C A
D R G Six hundred bags Sugar*

Total Value, £1,500.

Amount of Duty, £119.

on board the (s.) "*Savana*," G. Letts, Master, for
Bussorah.

Clerk of the Bonds.

The above Goods reported by Hall Jones & Co., Ltd.,
the 15th day of May, 19.., ex the "*Ciceley*," A. Brown,
Master, from *Hamburg.*

The duty always to be calculated with reference to the highest rated Articles contained in the Entry.

PORT OF *Liverpool*.

SHIPPING BILL FOR TRANSHIPMENT GOODS ONLY

In the (s.) "*Savana*." *G. Letts*, Master for *Bussorah*, the 20th day of *May*, 19..

Exporter, *A. Nibb & Co.*

Address, *Blackfriars, Liverpool.*

Reported inwards by the (s.) "*Ciceley*" from *Hamburg*, the 15th day of *May*, 19..

Thompson & Sons, Lighterman.

Marks and Numbers.	Number and description of Packages.	Goods.	Value £
<i>E C A</i> <i>D R G</i>	600 Bags	<i>Refined Sugar, O.S. Ex 98°, containing One thousand two hundred cwt.</i>	£1,500.
			Officer. Date.

I declare that the quantity, description, and value of the Goods entered in this Shipping Bill are generally correct.

A. Nibb & Co.,

per L. C. Clark.

Exporter or Agent.

Received the above-named packages on }
board this Ship, 22nd *May*, 19.. }

G. Letts, Master.

(Countersignature of
Officer of Customs.

Export Station and Certificate of }
Shipment to be inserted here }

Officer.

19 .

N.B.—Lightermen or Carmen are particularly required to give immediate notice to the Export Examining Officer if any of the above-mentioned goods be shut out of the Vessel, and on no account to take them to any other Ship than the one above-named without his permission.

KNOW ALL MEN by these Presents that We, *Leonard Charles Clarke, of Harrison Drive, Seaforth and Waller Reece, of 15 Grove Road, Bootle, both in the County of Lancaster* are held and firmly bound unto our Sovereign Lord George, by the Grace of God, of the United Kingdom of Great Britain and Ireland, and of the British Dominions beyond the Seas, King, Defender of the Faith, in the sum of *Four hundred* pounds of good and lawful money of Great Britain, to be paid to our said Lord the King, His Heirs and Successors, to which payment well and truly to be made, we bind ourselves jointly, and each of us severally, our heirs, executors, and administrators and every of them, firmly by these Presents. Sealed with our Seals. Dated this *20th* day of *May* in the year of our Lord One Thousand Nine Hundred and

WHEREAS the above bounden *Leonard Chas. Clarke* has given notice of his intention to remove and export the following Goods, that is to say

E C A Six hundred Bags Sugar, refined O.S. Ex. 98°.
D R G

NOW THE CONDITION of this Obligation is such that if the said Goods and every part thereof shall be duly entered and cleared for Exportation; and shall within the time allowed by or by reference to the Regulations of the Commissioners of Customs for the time being in force, be duly and regularly transhipped from the import ship to the proper export ship, and shall be produced to the proper Officer of Customs at the Port of Exportation; and shall be duly exported to and landed at *Bussorah* within *three* months from the date hereof. And if, in case the said Commissioners shall require it, proof to their satisfaction shall, within such time as they shall allow, be produced from *Bussorah* aforesaid of such landing there of the said Goods—or if the said Goods though not shipped or not landed shall be otherwise accounted for to the satisfaction of the said Commissioners, then this Obligation shall be void, otherwise shall be and remain in full force and effect.

Signed, Sealed and Delivered } *Leonard C. Clarke.*
 in the presence of }

Walter Reece.

BAGGAGE SUFFERANCE INWARDS

Port of Liverpool. Ship's
Rotation No. }

Importer, Allan Jones & Bros.

Wharf, Dock, or Station.	Ship's Name.	Master.	Port or Place whence imported.
<i>Albert Dock</i>	<i>" Myth "</i>	<i>William Wind</i>	<i>Stockholm</i>
Marks and Numbers.	Number and Description of Packages and Goods.		
<i>A 1/10</i>	<i>Ten packages Used Clothing (Private Effects)</i>		
<i>B 2/3</i>	<i>Two packages Bedding (Private Effects)</i>		

The above-mentioned goods may be landed and examined. The particulars of examination are to be recorded hereon. Care is to be taken that duty is paid on any dutiable goods; if, however, the packages contain any such goods concealed, or any prohibited goods, they will be liable to seizure.

Dated this 13th day of Feby. 19..

pro Collector.

PROHIBITED GOODS.—Some goods are not allowed to be imported into this country at all, and other goods only with certain restrictions. The chief of those prohibited are :—

Books which are copyright in the United Kingdom.

Coin of Bronze, etc., manufactured in any foreign country.

Imitation coins, if not a British coin, also false and counterfeit money.

Lottery advertisements and notices.

Extracts or concentration of chicory, coffee, tea, or tobacco (except for transshipment).

Illegally caught fish.

Matches made of white phosphorus.

Indecent or obscene prints, articles, etc.

Explosive substances.

Infected cattle, sheep, and other animals ; also the carcase of any animal which has died or been slaughtered on the voyage.

Gooseberry and Currant bushes, prohibited under the American Gooseberry Mildew Act. Currant bushes, however, may be landed under a licence from the Board of Agriculture.

Hay and straw from European Continent, Argentine Republic, Brazil, and Central America, unless a licence is granted by the Board of Agriculture.

IMPORTATIONS WITH RESTRICTIONS.—

Acetylene, for which it is necessary to obtain the authority of the Secretary of State.

Coins, etc., for purposes of art, exhibition, and collections.

Envelopes, addressed, as long as they have no enclosure likely to infringe the Revenue Act.

Dogs, can only be landed from foreign countries into the United Kingdom by a licence granted by the Board of Agriculture and subject to the condition contained in such licence.

Explosives and dangerous goods. Certain explosives are allowed to be imported under licence, and subject to the goods being packed in accordance with the Explosives Act, and all such packages must bear in a prominent place the words :—Gunpowder, Explosive, Nitrate, Mixture, or whatever the article is.

DETENTION OF GOODS.—By the Merchandise Marks Act, Customs officers have power to detain all foreign goods which are an infringement of this Act, *e.g.* (1) goods bearing the name and address of

the consignees, with the intention of being given away to customers as advertising matter ; (2) any trade-marks belonging to a manufacturer or dealer in the United Kingdom, unless it also states where the goods have been produced ; (3) goods which do not show where they have been manufactured.

In these cases, the consignees or owners of the goods will, in the case of (1), have to send a declaration to his Majesty's Customs stating that the goods are imported with their consent or knowledge, and are not for sale. In cases (2) and (3) they will have to make application to be allowed to qualify, as may be necessary. This will be referred to the Board of Customs, who will give the necessary permission if they think fit, otherwise the goods will have to be returned.

BRITISH RETURNED GOODS.—On an entry for goods of British manufacture which have been returned, the words "British Returned Goods" should appear, and a declaration from the owners stating that they are their goods, and the reason they have been returned, should also be handed to the Customs.

EMPTY BOXES, BOTTLES, ETC.—This class of goods is liable to be detained until a declaration is given by the consignees stating that they are to be filled with British manufactured goods.

QUESTIONS

1. Name some of the principal markets at which imports on consignment are sold.
2. State the difference between imports on consignment and imports against orders ?
3. On hearing of the arrival of the vessel containing goods forwarded to you, what steps would you take to obtain possession of your goods ?
4. What is a Delivery Order, and for what purpose is it used ?
5. Explain briefly the difference between Customs Duties and Excise Duties.
6. What are Customs Duties, and for what purposes are they levied ?
7. If a consignment of wheat were sent to you, what entry would you have to pass before obtaining permission to remove the goods ?

8. What entries are required for dutiable goods ?
9. How would you clear dutiable goods intended for immediate home consumption ?
10. State the circumstances under which (a) a Post Entry ; (b) an Over-Entry Certificate would be required.
11. In what cases is it necessary to pass a Bill of Sight ?
12. You receive a consignment of dutiable goods which are not required for immediate use. What entry is required in such a case, and what steps would you take to obtain delivery of the goods when they were required for use ?
13. When goods are imported with the intention of being re-shipped to another country, is it necessary to pass any customs' entry ? If so, what entry is necessary (a) in the case of free goods ; (b) in the case of dutiable goods ?
14. Certain goods are not allowed to be imported into this country, while on others there are certain restrictions. Specify four kinds in each case.
15. What power is given to Customs officers by the Merchandise Marks Acts regarding the detention of foreign goods ?
16. Is any entry required for baggage and goods of a personal character ?

CHAPTER XXV

SHIP'S REPORTS, PAPERS, ETC.

ON arrival of a ship in port, the captain must hand to the Customs authorities the Ship's Report. This is a copy of the Manifest made out on special forms as required by the Customs, showing marks and numbers on the packages, the number of packages, contents, and consignees of the various goods. Should no consignee's name appear on the ship's papers, the goods will be deemed to be sent to "order," and this must be shown on the report. If any of the goods are for shipping to another country, opposite these must appear the words "In transit." Should a vessel be going to another port with part of the cargo, opposite each item which is not to be landed at the first port must be stated, "To remain on board for exportation." Various other particulars have to be given, namely, the official number of the vessel, number and date of register, the ship's name, her tonnage, number of crew (British and Foreign), name of Master and whether British or Foreign subject, also the port from which the vessel sailed, the quantity of stores liable to duty still remaining on board, the quantity of coal and live stock, the number of alien passengers (if any), pilot's name, at what station the ship is lying, and the agent's name and address. If the boat has called at any other port, that fact must be stated. Should any derelict, wreck or iceberg have been met on the voyage, or any collision have taken place, the Master must report this, and give full particulars to the Receiver of Wrecks.

There are certain goods which have to be specially reported, viz., spirits, tobacco, cigars, saccharin, and snuff. After the cargo is landed, if it is found that it does not agree with the report, the agent will have to make application to be allowed to amend the report by deducting, if the cargo is short, and by adding should there be an excess. No goods which have been overlanded, can be taken delivery of until the report has been amended. The Customs authorities can refuse to accept the report until a certificate is

obtained from the harbour or dock authorities, stating that all dues, tolls, etc., have been paid.

SHIP'S PAPERS.—All British vessels carry on board certain documents known as the Ship's Papers. These consist of:

Certificate of Registry, which is a document granted at her Port of Registry by the Registrar. It contains the name and description of the vessel, her tonnage, the name of the Master and her owners.

The Ship's Log is a book containing particulars of the daily runs of the vessel, the weather and winds encountered, the places passed, and the time of passing, are also noted.

Ship's Articles.—This is an agreement signed by each seaman stating his rank, wages, time engaged for, foods to be supplied, and any other conditions.

Crew List.—This contains the names of all persons on board. It is sometimes called the "Muster Roll."

Bill of Health is the certificate stating if any infectious disease was prevalent at the port from which the vessel sailed at the time of its departure.

CLEARANCE OUTWARDS.—All vessels leaving a port with cargo for abroad must, before sailing, obtain a Clearance Outwards. This is a card signed by the Customs officer, and bears a red stamp, containing the date of clearance. To this card is attached the "Victualling Bill" which contains a list of bonded or drawback stores on board, also the quantity of dutiable goods already on board, which have been put under seal by the Preventive Officer on arrival of the vessel.

CHARTER PARTY.—This is a document used when a vessel has been chartered. It contains particulars of the contract between the owners of the vessel and the merchant or other person who has chartered the vessel. Among other things, all conditions as to the cargo, time allowed for loading and discharging, and the rate of freight to be paid, are given. There are two kinds of Charters, viz. "Time Charters" and "Voyage Charters." The more common is the Voyage Charter, which is used for a ship on a certain voyage, whereas the Time Charter is used when a ship is chartered for a specified time. It may be well to explain here some clauses mentioned in a Charter Party. "*Steamer being tight, staunch and strong, and in every way fitted for the voyage,*" means that the vessel is thoroughly seaworthy and fit to carry the cargo and undertake the



If Sailing Vessel }
or Steamer }

Steamer.

REPORT

Official Number, 29,159.

Number of Register, 9,704

Date of Registry, 10th March, 19--

No. _____

Port of Liverpool.

Ship's Name.	Tonnage.	British or Foreign, if British, Port of Registry; if Foreign, Country to which she belongs.	Number of Crew.		Name of Master, and whether a British or Foreign Subject.	Port or Place from which arrived.
"Sunrise"	1,060	Newcastle	British Seamen.	Foreign eamen.	C. Charles, British.	Vigo
			27	10		
			TOTAL.	27			10

CARGO

1	2	3	4	5	6
Name or Places where laden in order of time.	Marks.	Nos.	Packages and Descriptions of Goods, Particulars of Goods stored loose, and General Denomination of Contents of each Package of Tobacco, Cigars, or Snuff, intended to be imported at this Port.	Particulars of Packages and Goods (if any) for any other Port in the United Kingdom	Goods (if any) to be transhipped or to remain on board for exportation.
Valencia	R T	1/40	40 Boxes Oranges		Order.
"	A	1/100	100 " Raisins		Order.
"	W & C B	1/601/1600	1,000 " Oranges		W. Sandy & Co.
Malaga	S	1/7	7 Pipes Wine		Schmidt & Bros.
"	A S & C	1/901/1330	230 Boxes Raisins		W. J. Jones.
"	M	90/125	36 Casks Wine		Order.
"	R O C	23/52	30 " Olive Oil		Order.
Huelva	A qua	ntity	Iron Ore 1,000 tons		S. A. Lad & Co.
Vigo	T H E		1,000 Brls. Grapes		Order.
"	S A M		1,500 Boxes "		Johnson Long & Co.
"	A I	1/100	100 Casks Wine		Order.

If any wreck or derelict was fallen in with, or ice-berg observed, or any casualty to the vessel occurred during the voyage, particulars to be stated.

STORES

Surplus Stores remaining on board, viz.:	Tobacco, Cav.	Spirits	galls.	Sundry low duty goods	tons
	O.S.	Cordials or Liqueurs	galls.	Coal	..
	unman.	Perfumed Spirits	galls.	Live Stock	..
	Cigars	Saccharin	oz.		..

Number of Passengers (if any) British Foreign

Pilots' Names

At what Station Ship lying, Stanley Dock

Agent's Name and Address, Jones Jones & Co., Ltd., Liverpool.

I declare that the above is a just Report of my Ship and of her Lading, and that the particulars therein inserted are true to the best of my knowledge, and that I have not broken bulk or delivered any Goods out of my said ship since her departure from , the last Foreign Place of Loading.

(Signed)

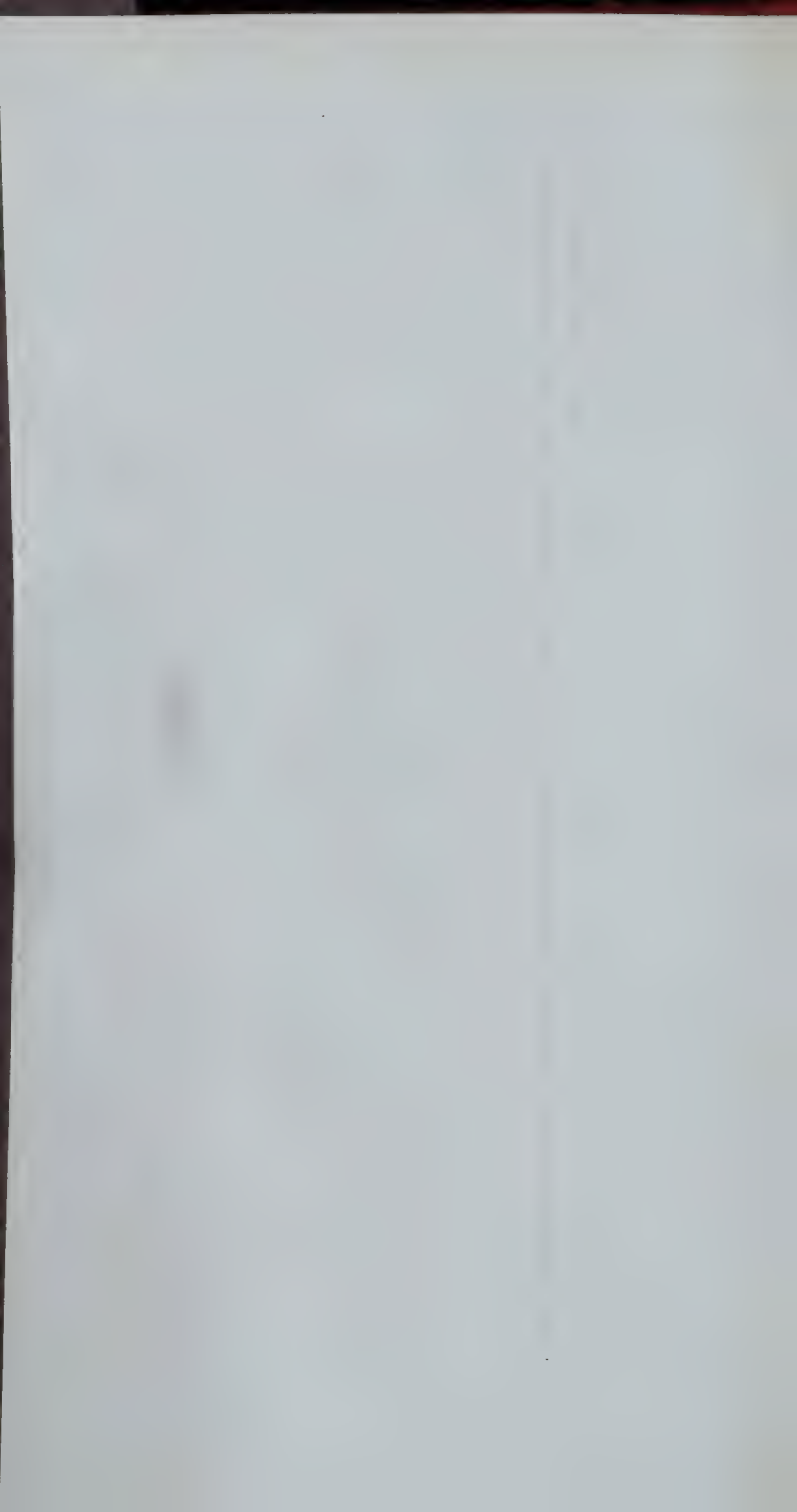
Master.

Signed and declared this 21st day of March, 19--

In the presence of

(Countersigned)

pro Collector.



VICTUALLING BILL

Granted Number

Port of *Goole*.

Bonded and Drawback Stores in the (s.) "*Uniform.*"

C. Willoughby, Master for *Melbourne*.

Men, 103 Passengers, *Six*.

Tons, 2,918.

				Net Quantities taken on Board.
Spirits	Rum	..	..	gall. 15
	Brandy	..	..	" 10
	Geneva	..	..	" "
	Whisky	..	..	" 25
	Gin	..	..	" "
	Other Spirits, not sweetened	..	..	" 5
	British Spirits, sweetened	..	..	" "
	Foreign Spirits, sweetened	..	..	" "
Wine	..	..	..	" 10
Beer, Foreign	..	..	..	" "
Beer (for Drawback)	..	..	..	" "
Lemon Juice	..	..	..	" "
Tea	..	..	..	lb. 250
Coffee	..	..	..	cwt. 3
"	Roasted (for Drawback)	..	..	lb. "
Cocoa	..	..	..	" "
"	Paste	..	..	" "
Chicory, Roasted and Ground, in Bond,				
Coffee and Chicory, Mixed, Roasted				
and Ground in Bond	..	..	..	lb. 10
Tobacco (for Drawback)	..	..	..	" "
"	Cavendish or Negro Head	..	..	" 14
"	Other Sorts	..	..	" "
Cigars	..	..	..	" "
Cigarettes	..	..	..	" "
Raisins	..	..	..	cwt. 1
Currants	..	..	..	" 1
Figs	..	..	..	" "
Prunes	..	..	..	" 5
Plums	..	..	..	" "
Sugar	..	..	..	" 20
Molasses	..	..	..	" "
Condensed Milk	..	..	..	" 10
Preserves (Marmalade, etc.)	..	..	..	" ½
Playing Cards	..	..	..	doz. packs
Sundry Sugar Goods	..	..	..	cwt. "
Surplus Stores	..	..	..	" "
12 lbs. Tobacco, O.S. u.s. 8 lbs. Cigars				
5 gall. Spirits, O.S. 25 " Coffee				
10 lbs. Tea				
Examined				19
Cleared				

pro Collector.
Broker
Residence.

voyage. "*Consisting of lawful merchandise.*" This refers to almost any kind of cargo, except that liable to damage the ship or other cargo.

"*Lay-days*" are the number of days allowed to the charterers (that is, the people who hire the vessel) either to load or discharge the vessel. These Lay-days begin to run from the time the captain gives notice in writing of readiness for loading or discharging.

MANIFEST.—Every vessel carries a list of the cargo on board, giving all marks and numbers on the packages, and their contents. Should the vessel be calling at several ports, the goods for each place are shown on the Manifest.

FREIGHT LIST.—This is practically the same as the Manifest with the addition of columns for particulars of the freight. As a rule, there will be a column for the freight paid at Port of Shipment, and another for the freight payable by the consignees.

FREIGHT MARKET REPORT.—The market for outwards steam tonnage has been somewhat irregular, ruling easier towards the close of last week, but improving again the last couple of days, and from Bristol Channel the demand for boats is decidedly better. Prompt tonnage has got into small compass and rates are steadier. Cardiff quotes 7s. 3d. to 7s. 4½d.; Genoa, 6s. 3d. to 6s. 6d.; Port Said, 6s. 6d.; Alexandria, 9s. 6d.; Aden, 10s. 6d.; Colombo and Bombay, 10s. 6d.; whilst Western Islands indicate 7s. 6d.; Rio, 17s.; River Plate, 18s. 9d. to 19s. Time chartering rules rather quiet; 5s. 3d. paid for a trip from New South Wales to Philippines, and 3s. 3d. current in States-West Indies, whilst Transatlantic trips home quoted 3s. 9d. to 4s. Homeward Australian paid 24s. from Melbourne for tonnage, and Sydney, N.S.W., quotes 25s. Coals paid 10s. to 10s. 6d., Newcastle, N.S.W., to Java. Nitrate ports quiet; 18s. paid June loading to Europe. Beans from Vladivostock are paying 26s. to 26s. 6d., but the demand is only spasmodic. North Pacific homewards very stagnant, and liners are booking all cargo coming forward at present. Philippines enquire for boats, and from 32s. 6d. to 37s. 6d. is quoted. Java for June-July quotes 25s., but enquiry is very apathetic. Saigon paid 25s., meal to Liverpool for July, but very little doing in rice either Saigon or Burmah, and quotations are nominal to Europe. Rangoon to Japan takes boats, and 11s. 6d. to 12s. is secured. East Indies have ruled very firm for prompt tonnage, but have gone

;

-

,

l

,

e

s

e

,

n

s

d

e

n

ts

pr

e,

ts

ni

FREIGHT LIST


Voyage No. _____

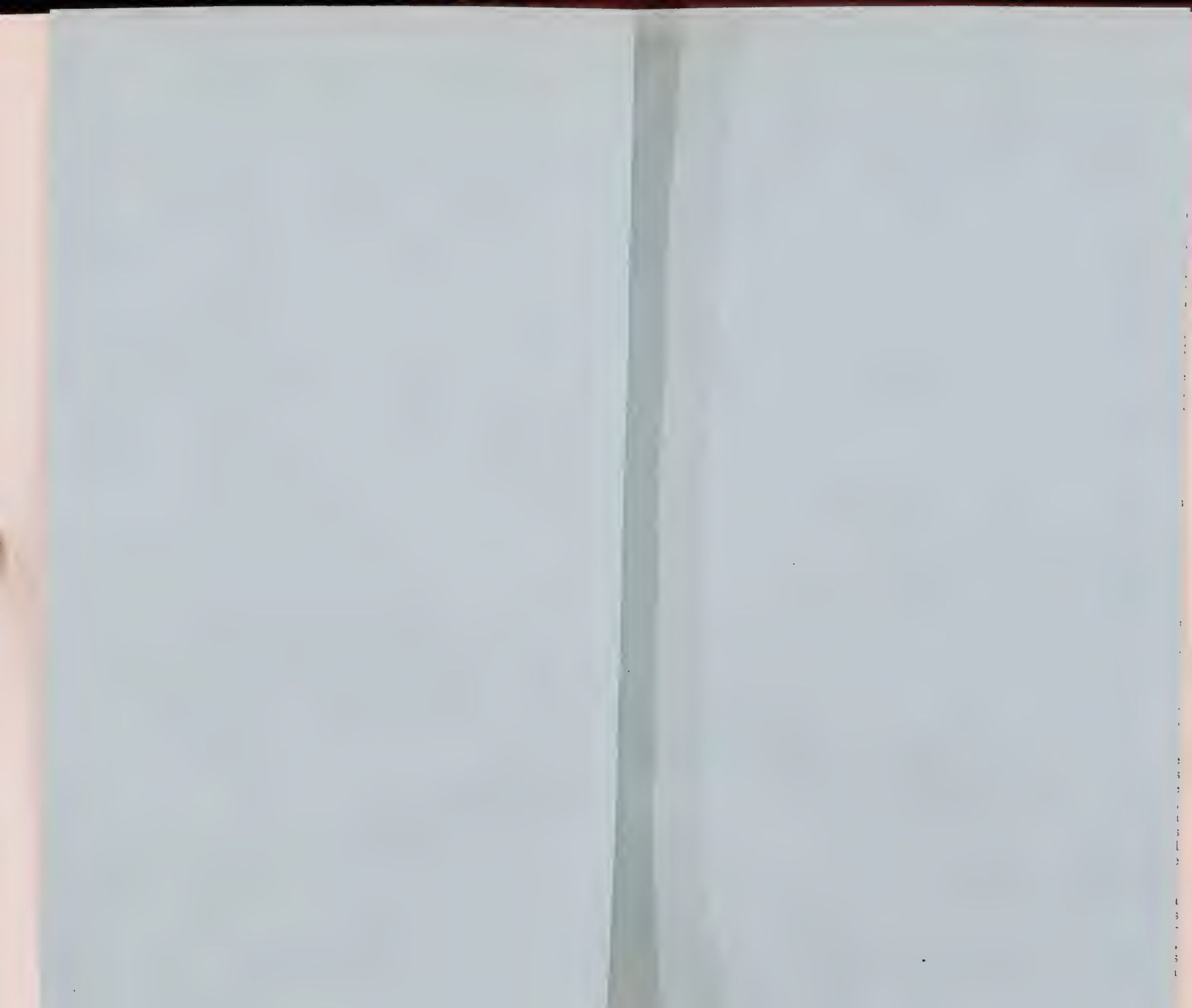
of the S.S. "Sunrise"

Captain F. Rowlands to Liverpool,

Despatched by PIEDRO CERES & CIA, VALENCIA and VIGO.

Valencia 14 3 191..
Vigo 19 3 191..

No. of B.L.	Marks and Nos.	No. and Description of Packages.		Contents.	Shippers.	Consignees.	Destination.	Total Weight. T. C. Q. LB.			Rate.	Freight.			Charges.		Total.			Remarks.				
												Payable here.									Payable abroad.			
1	R T  140	40	Boxes	Oranges	Valencia Orange Growers' Assn.	Order	Liverpool	2	15		24/- & 10%			3	12	7	3	12	7	A number of boxes repaired.				
2	A 1/100	100	"	"	do.	"	Glasgow	5			32/- & 10%			4	16	10	4	16	10					
3	W & L 601/1600	1,000	"	"	do.	"	Liverpool	30			24/- & 10%			39	12		39	12		Several boxes broken.				
4	CB 1/7	7	Pipes	Wine	Mottel & Co.	"	"	3	11		20/- & 10%			3	18	1	3	18	1					
5	S 1001/230	230	Boxes	Raisins	Tr. Maudia & Co.	"	"	11	10		25/- & 5%			15	1	11	15	1	11					
6	AS & C M 90/125	36	Casks	Wine	Malaga Vin Cia	"	Glasgow	18			30/- & 10%			29	14		29	14						
7	ROC 23/52	30	"	Olive Oil	H. Pietro	"	Liverpool	29	11		23/- & 10%	37	7	6		40	77	7	6	Two casks leaking.				
8		A quantity		Iron Ore	General Mining Co.	"	"	1,000			as per Agreement			1,150			1,115			Not responsible for weight.				
9	THE 1,000	Brls.	Grapes	Vigo Exportation Co.	"	"	"	26			25/- & 10%			35	15		35	15						
10	SAM 1,150	Boxes	"	do.	do.	"	Glasgow	24			37/6 & 10%			49	10		49	10						
11	AI 1/100	100	Casks	Wine	Mottel & Co.	"	Liverpool	50			20/- & 10%			55			55			Old casks.				
												£	37	7	6	1,387	0	5	40			1,464	7	11





STEAMER.

A

Charter-Party

191..

IT IS THIS DAY MUTUALLY AGREED BETWEEN *Morning Steamship Co., Ltd., Owners* of the good Steam Ship called the "*Sunrise*" of the measurement of 1,500 Tons Net Register, 2,700 Tons dead weight cargo capacity guaranteed, classed 100 A 1 Lloyd's or equal thereto, now lying at *Valencia* and *Jones Jones & Co., of Liverpool* Charterers THAT the said Steamer being tight, staunch, and strong, and in every way fitted for the voyage, shall with all convenient speed, sail and proceed to *Liverpool and Glasgow* or so near thereunto as she may safely get, and there load, always afloat, from the Factors of the said Affreighters, a full and complete cargo, consisting of lawful merchandise, which the said Affreighters bind themselves to ship, not exceeding what she can reasonably stow and carry over and above her Tackle, Apparel, Provisions, and Furniture; and being so loaded shall therewith proceed as ordered on signing Bills of Lading to

Liverpool and Glasgow,

or so near thereunto as she may safely get, and deliver the same, always afloat, on being paid Freight as follows:—

Twenty-two shillings per ton,

being in full of all Port Charges and Pilotage as customary.

1.—The Freight to be paid at Port of Discharge on unloading and true delivery of the Cargo in Cash at current rate of exchange.

2.—As much Cash as Master may require for Ship's ordinary disbursements at Port of Loading, not exceeding £30 to be advanced (if required), subject to 3 per cent. for Interest and Insurance.

3.—Merchants have the full range of Vessel's holds, including cross and half-deck bunkers, if any, and right of shipping Cargo on deck (at their risk), in so far as compatible with Steamer's seaworthiness.

4.— *Five* days, Sundays, and holidays excepted, are to be allowed the said Merchant (if Ship be not sooner despatched, Charterers having liberty to load up to midnight) for loading and discharging, but time occupied in shifting ports not to count, and *two* days on demurrage, over and above the said laying days at *three* pence per net register ton per day. Lay days in each port to count from Captain's notice of readiness for loading and discharging. Charterers to have option of loading and discharging on Sundays and holidays, such days to count as lay days for time actually occupied.

5.—The Act of God, perils of the sea, fire on board, in hulk or craft, or on shore, barratry of the Master and Crew, enemies, pirates, and thieves, arrests and restraints of princes, rulers, and people, collisions, stranding, and other accidents of navigation, excepted, even when occasioned by negligence, default or error in judgment of the Pilot, Master, Mariners, or other servants of the Shipowners. Not answerable for any loss or damage arising from

explosion, bursting of boilers, breakage of shafts, or any latent defect in the machinery or hull, not resulting from want of due diligence by the Owners of the Ship, or any of them, or by the Ship's Husband or Manager.

6.—The Ship has liberty to call at any ports in any order, to sail without Pilots, to tow and assist vessels in distress, and to deviate for the purpose of saving life or property.

7.—The Cargo to be brought to and taken from alongside the Ship at Merchants' risk and expense.

8.—The Captain to sign Bills of Lading as presented, if in accordance with Mate's receipts, and at any rate of Freight, without prejudice or reference to this Charter-Party, if not at variance therewith, the owners having a lien on the Cargo for Freight, Dead Freight, and Demurrage. Should the total Freight shown by Bills of Lading amount to less than the Freight stipulated by this Charter, the difference to be paid to Captain before sailing, and should the Freight shown by Bills of Lading amount to more than the Freight stipulated by this Charter, the difference to be paid before sailing to Charterers by Captain's Draft on Owners, payable 48 hours after arrival at discharging port.

9.—The Captain to telegraph arrival at outward discharging port to Owners at Newcastle also to telegraph them his departure for loading port.

10.—Steamer not answerable for leakage or breakage, unless occasioned by bad stowage of cargo.

11.—Lay days not to commence before the 25th day of March, 19.. and should Steamer not arrive and be ready to load at first loading port on or before 5th day April Charterers to have the option of cancelling this Charter.

12.—Any difference respecting the interpretation of this Charter to be settled in accordance with the custom of the port where it arises.

13.—Five per cent. Address Commission is payable to Charterers at port of loading. Vessel to be addressed at ports of loading and discharge to Charterers or their Agents, paying the customary fees for transacting Steamer's business, and to employ Charterers' stevedores for loading and discharging at not exceeding customary rates. Charterers to have the use of Steamer's winches, Captain supplying necessary men and coals to work same.

14.—Five per cent. Brokerage on the amount of Freight is due by the Ship on the signing hereof to ship lost or not lost.

15.—Penalty for non-performance of this Agreement, estimated amount of damages.

Morning Steamship Co., Ltd.,
A. Coxon, Managing Director.

Witness to the Signature of M. S. S. Co.,

A. H. Green.

of Jones Jones & Co.

Wm. Hughes.

pp. Jones Jones & Co.


Hughes Jones.

MANIFEST

S.S. "Sunrise,"

for

19..

Marks and Numbers.	Number of Packages.	Description of Packages.	CONTENTS.	Gross Weights.	
				Tons	cwts. qrs. lbs.
R T	1/40	Boxes	Oranges	2	15
 B					
A	1/100	"	"	5	
W & L	601/1,600	"	"	30	
C B	1/7	Pipes	Wine	3	11
S	1001/230	Boxes	Raisins	11	10
A S & C M	90/125	Casks	Wine	18	
R O C	23/52	"	Olive Oil	29	11
	A quantity		Iron Ore	1,000	
T H E	1,000	Barrels	Grapes	26	
S A M	1,500	Boxes	"	24	
A I	1/100	Casks	Wine	50	

quieter the last day or so. Calcutta only quotes 20s. d.w. ; Madras Coast, 23s. 9d. ; Bombay, 16s. 6d. ; scale and 20s. d.w. for May-June, and Kurrachee, after paying 17s. for prompt, got on at 15s. 6d. net for June-July ; earlier tonnage quoted 16s. 6d.

Various terms and abbreviations are used in connection with Freights and Chartering.

Backward ship	..	To load some time ahead.
Ballast	.. ..	Water in tanks (water ballast) sand, stones, etc., carried when a vessel has no cargo on board, to make her draw sufficient water.
Broken stowage		Articles used to fill up the spaces between goods.
C/P	.. ..	Charter-Party.
d. and b...	.. ..	Deals and boards.
Deal ship	.. ..	Vessel intended to load with deals.
Fixed	.. ..	Chartered.
f.o.w.	.. ..	First open water.
f.o.	.. ..	For orders.
'Frisco	.. ..	San Francisco.
Liner	.. ..	One of line of steamers running regularly between regular ports.
o.c.	.. ..	Open Charter.
Option	.. ..	Charterer to have option.
p.o.c.	.. ..	Port of call.
p.p.	.. ..	Particular Port, viz. : a named port.
Prompt ship	.. ..	A vessel shortly ready to load.
regs	.. ..	Registered tonnage.
Ship on the Berth		Ready to load and booking cargo.
Spot ship	.. ..	At place of loading.
U.K.	.. ..	United Kingdom.

Abbreviations used in Shipping in addition to those in connection with Freights and Chartering.

Adr.	...	..	Addressed.
B/L	..	..	Bill of Lading.
b.	..	..	Bale
Bdls.	..	..	Bundles.
B.O.	..	..	Board's Order (Customs).

Carrg. Pd.	..	Carriage Paid.
„ Fwd.	..	Carriage Forward.
ç.	..	Case.
C/note	..	Consignment note.
Ctg.	..	Cartage.
E.O.	..	Examining Officer (Customs).
f.a.s.	..	Free alongside.
f.o.b.	..	Free on board.
f.o.r.	..	Free on rail.
f.p.a.	..	Free of particular average.
Frt. pd.	..	Freight paid.
Frt. fwd.	..	Freight forward.
Instrs.	..	Instructions.
Kilo	..	Kilogramme.
Kil.	..	Kilometre.
Mks.	..	Marks.
n/m	..	No mark.
n/n	..	no number.
Nos.	..	Numbers.
O.R.	..	Owner's risk.
Pkgs.	..	Packages.
Ptg.	..	Porterage.
S/N	..	Shipping Note.
u/e	..	Unenumerated.
W/Bill	..	Way-Bill.
Wt.	..	Weight.

QUESTIONS

1. What is the first duty of a captain on arrival of his ship in port ?
2. Specify some of the particulars which must be given in a Captain's Report.
3. Certain goods have to be specially reported. Name some of these.
4. What do you understand by Ship's Papers ?
5. For what purpose is a Bill of Health required ?
6. What do you understand by Clearance Outwards ?
7. Give a definition of "Charter-Party," and state some of the particulars which you would expect to find in such a document.

8. What is the difference between a Voyage Charter and Time Charter ?
9. Define the terms " Lay Days " and " Demurrage."
10. What is a Ship's Manifest ?
11. " Prompt Tonnage has got into small compass and rates are steadier." Explain the meaning of this.
12. Give the meanings of the following terms used in connection with freights and chartering; Backward Ship; Broken Stowage; F.O.W.; Ship on the Berth; o.c.; Ballast.

CHAPTER XXVI

MARINE INSURANCE

IF we give a moment's thought to the geographical position of Great Britain in relation to trade, the first thing that would naturally strike one is the fact that all imports and exports must arrive and go out in ships, and when it is remembered that, in 1915, there were more than 11,000 vessels of over 100 tons burden, flying the British flag, and what vast interests are vested in her carrying trade, the importance of marine insurance at once becomes apparent. It is interesting to recall that in 1913 the import and export trade of the British Empire was valued at £2,108,686,000.

HISTORICAL INTRODUCTION.—The origin of marine insurance is more or less a matter of conjecture, but most probably it had its birth in that ancient centre of commerce, the Mediterranean. The enterprise and commercial instincts of the Phœnician and other Levantine merchants being historical facts, it would not be beyond the bounds of possibility in crediting them with the evolution of some system of indemnity whereby the luckless trader whose venture met with misfortune, might be, though it may have been in part only, compensated for his loss. Certain it is that a system of marine custom or law was recognised by these old time trading communities, being known to us under the title of the Rhodian Laws, later incorporated into the Roman Law, one of which provided that in the event of jettison of cargo (throwing overboard) for the sake of lightening a ship in peril, that which was given for all should be made good by a contribution from all. Thus this custom was the forerunner of the now universal law of General Average, and in fact might be styled the foundation of it. At the time the Rhodian Laws were framed the usual means of propulsion were oars, and in all probability jettison was about the only sacrifice that could be made for the common benefit. The very name of these laws gives one an idea of their extreme antiquity, for it is known that Rhodes was a place of commercial prosperity which was at its zenith as far back as the seventh century B.C. The fact,

Specimen Cargo Policy.

The Insurance Company, Limited

No.

£

General Average and Salvage charges payable according to Foreign Custom or per York-Antwerp Rules, if in accordance with the contract of affreightment.

Warranted free of capture, seizure, and detention, and the consequences thereof, or any attempt thereof, piracy excepted, and also from all consequences of riots, civil commotions, hostilities or warlike operations, whether before or after declaration of war.

Warranted free from particular average unless the vessel or craft be stranded, sunk, or burnt, each craft or lighter being deemed a separate insurance. Underwriters, notwithstanding this warranty, to pay for any damage or loss caused by collision with any other ship or craft, and any special charges for warehouse rent, re-shipping, or forwarding, for which they would otherwise be liable. Also to pay the insured value of any package or packages which may be totally lost in transhipment.

Grounding in the Suez Canal not to be deemed a strand, but Underwriters to pay any damage or loss which may be proved to have directly resulted therefrom.

Held covered in case of deviation or change of voyage, provided notice be given and any additional premium required be agreed immediately after receipt of advices.

It is hereby agreed that the Assured shall not be prejudiced by the insertion in the Bill of Lading or Charter Party of the following Clause—

"The Act of God, Perils of the Sea, Fire, Barratry of the Master and Crew, Enemies, Pirates, Thieves, Arrest and Restraint of Princes, Rulers, and People, Collisions, Stranding, and other Accidents of Navigation excepted, even when occasioned by the negligence, default, or error in judgment of the Pilot, Master, Mariners, or other Servants of the Shipowner."

This insurance shall not insure to the benefit of any Carrier or Fire Insurance Company.

Chartered Freight is warranted free from any claims consequent upon loss of time, whether arising from a peril of the sea or otherwise.

WHEREAS it hath been proposed to the Insurance Company, Limited,

by _____ as well in own name as for and in the name and names of all and every other person or persons to whom the subject matter of this Policy does may or shall appertain in part or in all to make with the said Company the Insurance hereinafter mentioned and described. Now THIS POLICY WITNESSETH that in consideration of the said person or persons effecting this Policy promising to pay to the said Company the sum of _____ as a Premium at and after the rate of _____ per cent. for such Insurance the said Company takes upon itself the burthen of such Insurance to the amount of _____ and promises and agrees with the Insured their Executors Administrators and Assigns in all respects truly to perform and fulfil the Contracts contained in this Policy. AND it is hereby agreed and declared that the said Insurance shall be and is an Insurance (lost or not lost) at and from _____

AND it is also agreed and declared that the subject matter of this Policy as between the Insured and the said Company so far as concerns this Policy shall be and is as follows upon _____

In the Ship or Vessel called the _____ whereof _____ is at present Master or whoever shall go for Master in the said Ship or Vessel.

Including all Risk of Craft and Boats to and from the Ship or Vessel; each craft or lighter being deemed a separate insurance.

AND the said Company promises and agrees that the Insurance aforesaid shall commence upon the said Freight Goods and Merchandise from the time when the Goods and Merchandise shall be laden on board the said Ship or Vessel Craft or Boat as above and continue until the said Goods and Merchandise be discharged and safely landed at as above. AND that it shall be lawful for the said Ship or Vessel in the voyage so insured as aforesaid to proceed and sail to and touch and stay at any Ports or Places whatsoever without prejudice to this Insurance. AND touching the Adventures and Perils which the said Company is contented

to bear and does take upon itself in the Voyage so Insured as aforesaid they are of the Seas Men-of-War Fire Enemies Pirates Rovers Thieves Jettisons Letters of Mart and Counter Mart Surprisals Takings at Sea Arrests Restraints and Detainments of all Kings Princes and People of what Nation Condition or Quality soever Barratry of the Master and Mariners and of all other Perils Losses and Misfortunes that have or shall come to the Hurt Detriment or Damage of the aforesaid subject matter of this Insurance or any part thereof. AND in case of any Loss or Misfortune it shall be lawful to the Insured their Factors Servants and Assigns to sue labour and travel for in and about the Defence Safeguard and Recovery of the aforesaid subject matter of this Insurance or any part thereof without prejudice to this Insurance the charges whereof the said Company will bear in proportion to the sum hereby Insured. AND it is expressly declared and agreed that the Acts of Insurer or Insured in Recovering Saving or Preserving the Property Insured shall not be considered a waiver or acceptance of abandonment. AND it is declared and agreed that Corn Fish Salt Saltpetre Fruit Flour Rice Seeds Hides Skins and Molasses shall be and are warranted free from average unless general or the ship be stranded sunk or burnt and that Sugar Tobacco Hemp and Flax shall be and are warranted free from Average under Five Pounds per Centum and that all other goods also the Ship and Freight shall be and are warranted free from average under Three Pounds per Centum unless general or the Ship be stranded sunk or burnt.

IN WITNESS whereof the undersigned on behalf of the said Marine Insurance Company Limited according to the Articles of Association of the said Company and a Resolution duly passed by the Board of Directors has hereunto set his Hand in, the day of 19

Examined

. Director.

however, remains, that if a form of indemnity was in use all actual traces of such are lost, and no other evidence remains to us beyond a few sentences of historians, which show that in some way or other the oversea trader was protected from loss. The introduction of insurance into England appears to have been made either by the Jews or Lombards, but most likely by the latter, who were the richest and therefore the most influential traders in the Europe of the Middle Ages. In all probability the establishment of marine insurance in London is contemporary with the founding in that city of the Hanseatic League in the thirteenth century, and the consequent great expansion of foreign trade.

What is believed to be the oldest original marine insurance policy known is in the committee room at Lloyd's. It is dated 9th February, 1680, and was issued to Richard May upon goods shipped in the good ship *Golden Fleece* from Lisbon to Venice. There is a copy only of an earlier policy in the Bodleian Library, Oxford, dated 15th February, 1613, but this interesting document is unfortunately incomplete in several important particulars, notably the names of the underwriters.

"LLOYD'S."—Before proceeding further it will not be out of place to give a short history of "Lloyd's," that famous association

of underwriters whose name is synonymous with maritime transactions throughout the world. In the latter part of the seventeenth century a man named Edward Lloyd kept a small coffee-house in Tower Street in the City of London. This house was a favourite rendezvous of seamen and those connected with shipping, and, as in those days taverns and coffee-houses filled the place of our modern Exchanges, a great deal of business was transacted in such resorts. Evidently Edward Lloyd was a man in advance of his times, for he initiated, for the benefit of his patrons, a system of correspondence with ports abroad, for the latest information regarding the movement of ships. This he was able to do at little or no expense through the medium of the numerous captains who frequented his house. Gradually Lloyd's became the chief meeting place of private underwriters until in the end they formed themselves into an association, and in 1774 we find them established in the Royal Exchange, where they have remained ever since.

MARINE INSURANCE ACT, 1906.—In the following pages, as constant reference will be made to the Marine Insurance Act of 1906, perhaps a word here by way of explanation of the Act is needed. The Act became law on 21st December, 1906, and came into force on 1st January, 1907.

Previous to this Act the law governing Marine Insurance contracts was a branch of the common law of England evolved from the old sea laws, trade customs and usage. In course of time numerous judicial decisions have been given on points raised in connection with the contract of marine insurance, such decisions being collectively known as "case law." The Marine Insurance Act is based on these decisions, which have thus been reduced to more or less appropriate illustrations of the effect the application of common law has in relation to marine insurance and which has now been codified by the Marine Insurance Act.

THE CONTRACT.—We will now proceed to consider the Contract and the parties thereto—

Marine insurance is a contract of indemnity in which the insurer, commonly called the underwriter, undertakes to indemnify the assured in consideration of the payment of a certain sum of money, called premium, for all losses arising from perils of the sea, that may happen to the subject insured. It will at once be seen that in such a contract the greatest good faith (*uberrimae fidei*) is of paramount

importance and must be observed by both parties to constitute a valid insurance.

"UNDERWRITER"—"BROKER."—The parties to the contract are, on the one hand, the underwriter, so called because he subscribes his name to the policy, and on the other, the assured, who is usually a shipowner or merchant, or he may be a person to whom the shipowner or merchant has entrusted the business of insuring his vessel or goods. Such a man is known as a Marine Insurance broker, and he is remunerated for his trouble by a brokerage, usually 5 per cent., of the premium paid to the underwriter.

"SLIP"—"RISK."—When a broker has instructions to effect insurance on, say, a certain steamer, he proceeds to first make out what is known as a "slip," that is a short memorandum of the proposed "risk," or property to be insured. This slip he shows to an underwriter, either a private underwriter such as a member of Lloyd's, or an underwriter of one of the many large Marine Insurance Companies. Should the underwriter feel disposed to accept the whole or part of the risk offered, he quotes a rate of premium which he thinks is commensurate with the perils to be insured against, and if the rate is not higher than the broker has instructions to pay, it is agreed to. The underwriter then initials the slip signifying the acceptance of the whole or part of the value to be covered, and notes thereon the amount he has arranged to underwrite.

Should the underwriter accept only what is called a line, that is, a portion of the value of the steamer, the broker takes his slip round to another underwriter, and so on until the whole value is placed.

The value of a modern steamship may vary from £5,000 to £150,000, and in the case of very large liners it is considerably higher. Thus it comes about that in practice a vessel may be insured in from ten to twenty different companies and sets of private underwriters. After a line has been accepted a copy policy is prepared by the underwriting department of the company whose underwriter has initialled the slip, wherein is set forth the sum insured, the rate, conditions, voyage, vessel's name, and lastly the sum due for premium. The preparation of this document is usually the duty of a junior clerk, but some of the companies dispense with it altogether, and merely send the broker a debit

note for the premium, thus doing away with a great deal of clerical work. The next step is to write the policy, which alone is the *definite* expression of the contract to insure, the broker's slip and the copy policy or cover note being but preliminary memoranda and without legal value except as evidence of the date of acceptance of the risk.

But it must not be thought that because these preliminary documents have little or no legal value they have no moral worth. On the contrary, the code of honour by which the underwriter is bound is very strong, and he would feel himself bound to issue a policy and pay the loss on a vessel which had been wrecked or the news of whose loss became known, immediately after he had put his initials to the slip.

But (and this is a most important point) the insured, either principal or broker, must also be in complete ignorance of the casualty at the time he offered the risk, otherwise the insurance is void on the grounds of non-disclosure of a material fact, amounting in such a case to fraud. And here let it be said that every fact is material which would influence the judgment of the underwriter in fixing the premium or in refusing the risk altogether. On the other hand, the broker or shipowner is under no obligation to make known any circumstance which is known, or presumed to be known, by the underwriter, or which in any way lessens the risk, or to disclose any fresh fact, however important, which may come to his ears, after the slip has been initialled.

THE POLICY.—The policy may be either printed or written, but whichever form is used it must be stamped before execution in accordance with the Inland Revenue Laws.

The Stamp Act of 1891 provided that the duties on marine insurance policies, both "voyage" and "time," should be 1d. only, if the premium was 2s. 6d. per cent. or less, and 3d. per £100, or fractional part thereof on policies where the rate was higher; policies taken out for six months or less, 3d. per £100, while policies for over six months and not exceeding twelve months were taxed 6d. per cent. The Finance Act of 1908, however, reduced the duty to 1d. for every £100 or part of £100 on all policies issued at a higher rate than 2s. 6d. per cent. except those taken out for a period of time, which pay duty under the old rate. Policies issued abroad and made payable in the United Kingdom are by law required to

have a Government stamp for duty affixed to them within ten days after their first receipt in the United Kingdom at the same rate of duty payable by policies issued in this country.

The Act further specifies that the policy must contain the name of the assured or of the broker who effects the insurance on his behalf; the subject matter insured whether it be the ship itself or some part of the cargo; the risk insured against, the voyage, or if the policy be for time, the period of time; the sum insured; and, lastly, it must be signed by the underwriter. It also contains the rate, and in the case of Companies' Policies, the amount of premium.

There are several classes of policy which briefly may be enumerated as follows—

VOYAGE POLICY.—This refers to an insurance effected from one port to another, and in case of a voyage insurance on the hull of a ship or steamer, the insurance usually extends for thirty days after she has arrived in safety or until she sails on another voyage, whichever may first occur.

TIME POLICY.—An insurance for any stated period of time but not exceeding twelve calendar months. This period is fixed by the Stamp Act, 1891, already referred to, and is now embodied in the Marine Insurance Act, 1906, Sec. 25—"a time policy which is made for any time exceeding twelve months is invalid." Practically all steamers are insured under this class of policy.

WAGER POLICY.—An insurance when the assured has no actual insurable interest, or else that the underwriter is willing to dispense with any proof of interest. The common name for a wager policy is a "P.P.I. policy," meaning "Policy proof of interest" or "without further proof of interest than the policy itself," and all such insurances are void by law. Wager policies are often used merely as covers to gambling. Take, for instance, the case of a policy effected by a private individual on a ship which he happens to see in the papers is overdue. Should the vessel never be heard of he claims a total loss from the underwriter, even though he had no possible connection with, or interest in, the ship which was lost. Needless to say, such policies are "Honour" policies, pure and simple, and on this account are strictly observed by the insurer.

FLOATING POLICY.—A policy of this nature usually describes the insurance in general terms, leaving the voyage and steamer's

name to be defined by subsequent declaration. For instance, a merchant may have a large export business to various ports on the continent of Europe situated between Bordeaux and Hamburg, to which places he is frequently making shipments, and he consequently finds it more convenient to arrange an "open policy" than to be continually running in and out of an insurance office to place each risk individually. He therefore takes out an open policy for, say, £10,000 to cover shipments from any port in the United Kingdom to any port on the continent between Bordeaux and Hamburg, by steamer or steamers on goods to be hereafter declared and valued at invoice cost plus 5 per cent. or 10, 15 or 20 per cent., as the case may be, and as he ships his goods he declares the amount he wishes each shipment to be insured for together with the steamer's name and destination until he has exhausted the £10,000 he originally paid premium on. In practice the declarations are usually sent in either every week or month according to the volume of business or as arranged when the risk was accepted. Should a loss occur before he has made his declaration the insured is not debarred from recovering from the underwriter the value of his property on board. This class of policy serves as an excellent illustration of the importance of the doctrine of the utmost good faith (*uberrimae fidei*) which is such an outstanding feature of marine insurance, for it at once becomes apparent that the Underwriter relies on the honesty of the merchant to declare every shipment within the terms of the policy.

OPEN OR UNVALUED POLICY.—In such a policy the value of the ship or goods insured is not stated, but left to be ascertained. In the case of a ship it is the value at the commencement of the voyage including stores, provisions and cost of insurance. In practice the basis for the valuation is usually defined by a clause such as "The insured value of the steamer in case of claim is the proved book value of last year's balance." It has been laid down that the value of goods must be taken to be their invoice cost plus expenses of shipping and insurance. As a matter of fact, this form of policy is, comparatively speaking, rarely met with.

OPEN COVER.—Lastly, we come to the form of insurance which will close the section on classes of policies, though strictly speaking it should not be included in such a category, because an open cover is not a policy but merely an unstamped document issued by the

underwriter. In it the underwriter undertakes to issue a stamped policy for not exceeding an agreed amount by every steamer of a certain class in which the merchant may have cargo to insure. There is usually a clause limiting the period for which the cover is in force such as "Warranted to sail on or before 31st December, 1914," and the premium may be stated or may be left blank with the proviso "rate to be arranged" or "at approved rates." The open cover resembles the cover note referred to previously, in that it is but another sort of preliminary memorandum or promise to issue a legal contract when required by the merchant, and, like the cover note and slip, it can only be produced as evidence.

WARRANTIES.—In every contract of Marine Insurance there are two distinct kinds of warranties—those which are written in or attached to the policy known as "Expressed Warranties," and those which, although they are not expressed, are implied by law and known as "Implied Warranties."

IMPLIED.—We will first of all consider "implied warranties" which are three in number : (a) that the vessel in which the venture is made is seaworthy ; (b) that the venture be completed without deviation ; (c) that the venture is legal. (a) A vessel to be seaworthy from an underwriter's point of view must be so at the commencement of the risk ; she must be sound as regards her hull ; she must be fully manned, provisioned, equipped ; she must not be overloaded ; in short, she must be in a fit state to encounter the ordinary perils of the voyage she is about to undertake. The scope and effect of this warranty of seaworthiness vary according to the circumstances of each particular risk. Thus a vessel which might in every particular be seaworthy to undertake a voyage to India might not be in a like state to start on a sealing trip to the coast of Labrador, where vessels are continually battling against heavy ice-floes, and to do this at all successfully means the vessel must have specially strengthened and sheathed bows and fittings peculiar to a semi-Arctic voyage. From this illustration it will be seen that there is no hard and fast standard of seaworthiness and that every venture must be considered on its own merits. In the same way it follows that where a voyage is made in stages the vessel must be seaworthy at the inception of each stage.

In the case of *Bouillon v. Lupton*, 1863, it was held that the river steamers sold at Lyons for service on the Danube must be

seaworthy for the first stage of the voyage down the Rhone and then must be in a fit state to proceed on the second stage by sea from Marseilles to Galatz. If the vessel is unseaworthy at the commencement of the first stage, but subsequently be made seaworthy to undertake the second stage, and be wrecked during the second stage, the assured has no claim on his underwriter as the warranty of seaworthiness being broken, notwithstanding that the first part of the voyage was completed safely, the policy is void from the outset. A case referring to the question of seaworthiness, that of "*Lindsay v. Klein*" (*Shipping Gazette*, 4/3/11) was decided a few years ago by the House of Lords. The steamship *Tatjana*, when on a voyage from Libau to Leith, broke down within one and a half hours after sailing and had to put into Elsinore, where expenses were incurred for repairs and for discharging, drying and re-loading part of the cargo. The action was brought by the shipowner to recover from the cargo owners a proportion of the expenses as General Average. The holders of bills of lading for two parcels of oats refused to pay, no doubt on the instructions of their underwriters, on the ground that the vessel was unseaworthy. In every case where the defence of unseaworthiness is set up to a claim under a policy of marine insurance, the onus of proof rests as a matter of law on the defendant, that is to say, it is his duty to prove his allegation of unseaworthiness and not the duty of the shipowner to prove that his ship *was* seaworthy. If, however, admitted facts come to light which would lead to the natural presumption that the vessel was unseaworthy prior to sailing, as, for example, a vessel becoming leaky or disabled soon after leaving port, without any accident happening to account for it, the burden of proof shifts to the shoulders of the shipowner. Such was the case in the action under review.

The vessel was very old (she was built in 1872) and had been allowed to get into a neglected state by her former owners. She was purchased for about her breaking-up value, and after very little had been spent on repairs, sailed on the particular voyage on which her machinery broke down in fine weather soon after leaving port. The action was first heard in the Scottish Courts and resulted in a verdict for the shipowner on the ground that the defendants' plea of unseaworthiness had not been proved. The case was carried to the House of Lords which reversed the decision of the Courts

below and gave judgment in favour of the defendants, the holders of the bills of lading.

The House of Lords held that the general facts of the case and the record of the vessel should be considered, and that from these the presumption should properly be drawn that the vessel was unseaworthy when she sailed from Libau.

The point to be noticed from this judgment is that where the facts justify the presumption of unseaworthiness the defendant is not bound to prove that the vessel was unseaworthy.

In policies for a period of time, there is no implied warranty of seaworthiness. One of the reasons given for this peculiarity is that it might, and very often does, happen that a time policy expires and a new one begins while the vessel is at sea or in a foreign port, and therefore beyond control of her owners, and the enforcement of the warranty in such a case might be a hardship. But it is interesting to note that should the vessel be sent to sea in an unseaworthy state, with the knowledge or connivance of her owners, the underwriter is not liable for any loss which may be the direct result of such unseaworthiness.

With regard to the insurance of goods there is no implied warranty of unseaworthiness in the same sense as it applies to a ship, but there is an understanding that the goods are sound, unless otherwise stated at the time the insurance is effected.

DEVIATION.—(b) “The venture must be completed without deviation.” This condition, like the seaworthy warranty, applies to voyage policies only and not to time insurances. To fulfil this warranty the vessel must follow the usual course it is customary to follow on the particular trip in which she is engaged. Thus a vessel may proceed on her voyage up to a certain point, then deviate to a port out of the usual course, afterwards continuing her voyage to her destination by the customary route, but the fact of this deviation nullifies the policy from the moment the deviation was made. On the other hand, the underwriter is liable for any loss from perils insured against which occurs previous to the deviation.

CHANGE OF VOYAGE.—Somewhat similar to, but rather stronger than, a deviation is a “*Change of Voyage*.” It differs from deviation in this important particular, that the policy is void from the moment a change of voyage was contemplated, whereas a deviation, as we have shown, must become a fact before the validity of the

policy is brought into question. Thus, if a vessel originally intended to sail on a voyage from Liverpool to Bombay via the Suez Canal proceeds on a voyage to Calcutta via Cape Town and is lost on the Portuguese coast, the underwriter is relieved from any liability for the loss, although the vessel, at the time of loss, was on that part of the course common to both voyages. According to the law she would be on an entirely different voyage from the time she left Liverpool. Should the vessel, however, meet with an accident to her machinery or sustain damage from heavy weather necessitating repair, and for this purpose she puts into a port out of her usual course, there is held to be no deviation, the accident being sufficient excuse. In like manner a vessel may put in to obtain medical assistance or provisions without the warranty being impugned, but it should be noted that when the vessel has been repaired or the medical assistance or provisions obtained, as the case may be, she must proceed on her voyage without any unreasonable delay.

(c) LEGALITY OF TRADE.—This warranty is implied in both time and voyage policies and is almost self-explanatory.

It will not take much thought on the part of the student to show him that the lawfulness of an adventure of insurance is determined by its conformity to the law of the United Kingdom, and not according to the law of a foreign State. Thus the insurance of contraband of war is perfectly legal in this country so long as England remains a neutral and the nature of the risk is disclosed to the underwriter. Indeed, the acceptance of insurance against "war risks only" during the Spanish-American, and more recently, the Russian-Japanese wars, formed no inconsiderable additions to underwriters' premium and loss accounts during the periods in which they took place. On the other hand, should England be at war herself with another power, all trading with the enemy is illegal, and consequently, a policy effected on a vessel engaged in such trade is void. Again, a policy effected on goods intended to be smuggled into a foreign country, is, according to our law, valid, but should the goods be intended to be smuggled into England in contravention of the Custom regulations, then the position is reversed and a policy taken out on such goods becomes of no effect. But it should be noted that there is nothing to prevent an underwriter who, being in full possession of all the facts, agrees to issue a policy on an illegal venture, though such a policy is an honour

policy only. If the underwriter be unaware of the nature of this venture and the assured know all about it but does not disclose his knowledge, there is nothing in law or honour to hold the underwriter to his contract and the assured cannot recover.

EXPRESSED WARRANTIES.—For a definition of an expressed warranty we cannot do better than quote the words of Arnould, who, in his great work on Marine Insurance says :—" An express warranty is a stipulation inserted in writing on the face of the policy, upon the literal truth or fulfilment of which the validity of the entire contract is dependent." The warranty must be either written or printed on the face of the policy and need not have a particular space assigned to it ; it may appear at the foot, in the margin, or in the body of the policy. It has been laid down by Lord Mansfield (*Bize v. Fletcher*, 1779) that a paper on which a warranty has been written and then attached to the policy did not amount to a warranty. But a distinct reference on the face of the policy to any special conditions has the effect of incorporating such conditions, and they are treated as warranties. As an illustration of this fact we give the following " Institute Warranties."

INSTITUTE WARRANTIES

1. Warranted not to enter or sail from any port or ports, place or places in British North America, except Halifax for purposes of coaling.
2. Warranted not to enter the Baltic beyond 13 deg. E. long., or sail from a loading port therein between 1st October and 1st April.
3. Warranted not to enter the White Sea, or sail from a loading port therein between 1st October and 1st April, and not to proceed East of Cape Kanin in the Arctic Ocean absolutely.
4. Warranted not to sail with Indian Coal as cargo between 1st March and 30th June.
5. Warranted not to proceed to any port or place in Siberia, Behring Sea, or Alaska.

On payment of an additional premium of.....per cent. it is agreed to cancel Nos. 1, 2, and 3 of the above Warranties—except British North America between 1st September and 1st April, and Cape Kanin Warranty.

The warranties, which are printed on a gummed slip and then attached to the policy wherein they are included by the words "including Institute Warranties as attached," are drawn up by the Institute of London Underwriters, and are intended to meet varying circumstances in connection with the insurance of hulls of vessels for twelve months or less. They are reconsidered from time to time at a meeting of Underwriters from Lloyd's, the London Marine Insurance Companies and Liverpool.

Obviously warranties Nos. 1, 2, 3, and 5 were designed with the idea of lessening the danger of the vessel insured from meeting ice, the cause of many heavy claims for damage to plating and propellers. No. 4 is the direct result of the bitter experience many Underwriters have had of the inflammable nature of Indian coal cargoes, which have a very dangerous habit of heating very quickly, especially when shipped during the hot weather season from March to June. The last paragraph is an agreement to assume the perils avoided by 1, 2, 3, warranties, in consideration of an additional premium, the amount of which is arranged at the time the insurance is effected. All these conditions must be literally complied with, and in case of breach the Underwriter is relieved from liability. Non-compliance with a warranty is only excused when, by reason of a change of circumstances, the warranty ceases to be applicable to the contract or when compliance with the warranty would mean breaking a law enacted subsequent to the insurance being effected. For example, a neutral vessel might be about to undertake a voyage to a port of a foreign nation then at war with a neighbouring power and be insured with the warranty :—"Warranted no contraband as cargo." Should hostilities cease after the insurance is effected but before she sail it is apparent that such a warranty is inapplicable to the venture contemplated.

REPRESENTATIONS.—Having seen that a warranty must be strictly complied with to be fulfilled we now come to a more informal kind of warranty known as a representation. A representation is a statement either written or verbal made at the time the risk is offered to the Underwriter by the assured, as to the existence of some material fact which may induce the Underwriter to accept the risk instead of refusing it outright, or which may induce him to accept it at a lower premium than he otherwise would have charged. Should the representation prove to be incorrect the

policy is unaffected, unless it be a misrepresentation of a material fact, whereas in regard to a warranty "it is a matter of indifference whether the thing warranted be or be not material."

To distinguish a material from an immaterial representation the effect it has on the Underwriter must be considered. If it is of such a nature as to induce him to take the risk it becomes material to the negotiations for the contract; if it has not this effect it is immaterial.

An important decision on this rule is supplied by the case of *Neugebauer & Co. v. London & Provincial Marine and General Insurance Co.* (*Shipping Gazette*, 18th Feb., 1911), an action brought to recover the loss of a floating dock in course of being broken up in Bermuda Harbour. The floating dock was partly broken up in dock and was then removed outside to a convenient place in the harbour for the final break up.

The Underwriters asked a material question in connection with an increase which the Assured wished to make in the amount insured at the time the removal took place. The question was honestly but erroneously answered, and the Court held that as it did not supply a true answer to the Underwriters' question, the Assured lost the benefit of the insurance.

As previously stated a warranty must be literally complied with. Thus a vessel which, during war was warranted to sail with convoy, sailed without and was lost, and the Underwriter was relieved from his liability (*Hibbert v. Pigon*, 1783).

On the other hand, where it was represented that a vessel mounted twelve guns and carried twenty men it was held that the representation was substantially complied with as the vessel took a number of guns and swivels and a crew of men and boys equivalent to the twelve guns and twenty men stated in the representation (*Pawson v. Watson*, 1778).

Representations may be divided under three headings—

(a) *Representation of Fact*.—Every representation of fact made by the assured when offering the risk must be true. If untrue the policy is voided.

(b) *Representation of Belief*.—Such a representation, if made in all good faith, does not affect the validity of the policy. Thus a merchant might say, "I expect the vessel to sail to-morrow," but, should she not sail until the day after, the contract is not prejudiced,

because the representation was made according to the best belief of the assured.

Representation of Information.—This is a representation by the assured from information he has received from a third party. If the Underwriter choose to accept this information and it turn out to be untrue, the policy is not voided, because the assured honestly disclosed to the Underwriter all the information he had in his possession.

Misrepresentation or Concealment.—Concealment is the suppression of a material fact within the knowledge of one of the parties and unknown to the other.

The essence of a marine insurance contract is good faith, and it therefore follows that the obligation to disclose a material fact is mutual. It does not cut one way only.

Suppose a shipowner offered a risk to an Underwriter on an overdue ship, and the Underwriter had just received a cable to say she had arrived, which information he kept to himself and accepted the risk. What effect would it have on the policy when the shipowner discovered the fact later? Simply this, the policy would be void and the premium would have to be refunded. If the Underwriter refused to refund the premium the assured could institute proceedings in a court of law to recover his premium from the Underwriter. Or conversely, if the shipowner insured a ship which he knew had been lost, and the Underwriter was not aware of this fact, the policy would be void but, and mark the difference, the premium would not be returned by the Underwriter, and the shipowner, by his attempted fraud, would be debarred from taking legal steps to recover it.

INSURABLE INTEREST.—The merchant or shipowner who effects an insurance or who gives instructions to an insurance broker to effect an insurance on his behalf must have what is termed an "Insurable Interest." A very excellent definition of this phrase was given by Mr. Justice Lawrence (*Lucena v. Crawford*, 1802), who said in effect "he must be so situated with regard to the thing insured that he benefits by its safety or due arrival, or is prejudiced by its loss, or damage, or detention." The Section No. 5 (Subsec. 2) of the Marine Insurance Act dealing with insurable interest appears, in a measure, to be founded on this judgment.

The clearest insurable interest a man may have is, of course, the ownership of the interest exposed to perils of the sea. It may

consist in the first place of the ship or her cargo. But in practical commerce all sorts of persons beside the shipowner or merchant pure and simple, acquire an insurable interest in the ship or her cargo. Thus a bank, which has advanced money to the shipowner on the security of the ship, has an insurable interest to the extent of its mortgage; equally so a shipper who has paid the freight on his goods in advance (that is before the ship sails on its intended voyage), has an insurable interest in the freight as well as in his goods, for should the vessel be lost he loses the goods and the money he paid for their carriage. Again, a contingent interest may be insured, such as, for example, the freight due by the merchant to the shipowner on the completion of the voyage, for the carriage of the former's goods. A shipbuilder may insure a ship during her construction, and a shipowner may insure the money he pays for the insurance of his ship or expends in getting her ready for sea. Similarly an Underwriter has a perfectly legal insurable interest in a risk which he has accepted and which he may wish himself to re-insure.

THE POLICY.—Having considered the contract of Marine Insurance as a whole and noted the principles governing the preliminary negotiations we will now proceed to consider the wording of the contract.

The wording of the policy will require to be carefully studied by the beginner, owing to the fact that its language is, one might say, "old-fashioned." Its construction was meant to apply to a condition of maritime trade long since passed away—to a time when the Privateer and the Pirate constituted a very real peril of the sea, and such things as steamships were undreamt of. Such wording and construction naturally render all the more difficult the interpretation of the various clauses to the everyday requirements of modern commerce. The great differences of opinion thus created have given rise to innumerable lawsuits upon the decisions in which Maritime Insurance Law has been gradually built up. For the purpose of discussion, the form taken is that of Lloyd's policy, adopted by Lloyd's Underwriters as their standard form in 1779. This policy is still used in its original form except that the "Waiver Clause" has been added. The different agreements necessary to the varying natures of marine ventures are provided for by clauses which are either printed in

the form of the policy written or stamped upon it, or printed on slips of paper and gummed on the policy.

Here it is worthy of note, that if what is written on, or attached to the policy, conflicts with what is printed, the written or attached words take precedence of the text. Further, in the event of there being any reasonable doubt as to the construction of the policy, the established custom of trade may be admitted as evidence to explain, modify, or extend the policy, but it will not be allowed to contradict it.

The policy being a contract of indemnity is to be construed liberally in favour of the assured, and, according to the view English law takes on contracts generally, any ambiguity in its terms must be construed against the framer, *i.e.*, the Underwriter.

The form of Lloyd's policy now to be considered is the parent policy of all the Marine Insurance Companies' policies, and is embodied in the Marine Insurance Act, 1906, Sec. 30, reading, "A policy may be in the form in the First Schedule to this Act," the form referred to being Lloyd's, which is as follows—

LLOYD'S MARINE INSURANCE POLICY

A

This Policy is issued in the Form printed and supplied by the Government previous to 1st August, 1887.

BE IT KNOWN THAT

as well in own Name, as for and in the Name and Names of all and every other person or Persons to whom the same doth, may, or shall appertain, in part or in all, doth make assurance and cause and them and every of them to be insured, lost, or not lost at and from

u



Any person not an Underwriting Member of Lloyd's subscribing this policy, or any person uttering the same if so subscribed, will be liable to be proceeded against under Sec. 31 of Lloyd's Act.

S.G.

£

(No.

)

pon any kind of Goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture, of and in the good Ship or Vessel called the whereof is Master, under God, for this present Voyage or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the same Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods and Merchandises from the loading thereof aboard the said Ship upon the said Ship, &c., and shall so continue and endure, during her Abode there, upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises whatsoever, shall be arrived at upon the said Ship, &c., until she hath moored at Anchor Twenty-four Hours in good Safety, and upon the Goods and Merchandises until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this Voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever without Prejudice to this Insurance. The said Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured by Agreement between the Assured and Assurers in this Policy, are and shall be valued at

TOUCHING the Adventures and Perils which we the Assurers are contented to bear and do take upon us in this Voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes, and People, of what Nation, Condition or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses, and Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, etc., or any Part thereof; and in case of any Loss or Misfortune, it shall be lawful to the Assured, their Factors, Servants, and Assigns, to sue, labour, and travel for, in and about the Defence, Safeguard and Recovery of the said Goods and Merchandises and Ships, etc., or any Part thereof, without Prejudice to this Insurance; to the Charges whereof we, the Assurers, will contribute, each one according to the Rate and Quantity of his sum herein assured. And it is especially declared and agreed that no acts of the Insurer or Insured in recovering, saving, or preserving the property insured, shall be considered as a waiver or acceptance of abandonment. And it is agreed by us, the Insurers, that this Writing or Policy of Assurance shall be of as much Force and Effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London.

And so we the Assurers are contented and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods, to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for the Assurance by the Assured at and after the Rate of

IN WITNESS whereof, we the Assurers have Subscribed our Names and Sums assured in

N.B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per Cent.; and all other Goods, also the Ship and Freight, are warranted free from Average under Three Pounds per Cent., unless general, or the Ship be stranded.

In the event of accident whereby loss or damage may result in a claim under this policy, the settlement will be much facilitated if immediate Notice be given to the nearest Lloyd's Agent.)

"Be it known that....."

After these words a space occurs for the insertion of the name of the assured, either the merchant or shipowner, or his deputy, the broker. That some name be inserted is absolutely necessary, the Marine Insurance Act stating, under Sec. 23, "A marine policy must specify—the name of the assured, or of some person who effects the insurance on his behalf."

"As well in his or their own name, as for and in the name and names of all and every other person or persons to whom the same doth, may, or shall appertain, in part or in all, doth make assurance and cause himself or themselves and them and every of them to be insured."

This clause not only provides for the assignment of the policy, but also permits any person who may have or may acquire, an insurable interest in the venture during the currency of the policy, to avail himself of its protection to the full extent the original assured enjoyed, e.g., A merchant in New Orleans sells to a spinner in Bolton 100 bales of cotton, the terms of the sale being that the merchant effects the insurance in New Orleans. He therefore insures the cotton in his own name and sends the policy to the spinner in Bolton or

the spinner's representative in Liverpool, according to arrangement. Should the cotton on arrival be found to be damaged by a peril insured against, the spinner can recover his loss from the Underwriter although the policy is made out in the name of the merchant in New Orleans.

This leads us to consider how an assignment may be made. The Marine Insurance Act (Sec. 50) states that a policy "may be assigned by endorsement thereon or in other customary manner." In practice many Underwriters insist on the policy being endorsed before they will pay a claim to a party other than the original assured, while others again settle without demur on a policy innocent of any endorsement, the reason for this latter course being that the delivery of the instrument with intention to assign it is, *ipso facto*, an assignment. In other words, the policy carries with it all the rights of any ordinary bearer document.

"Lost or not lost"

It seems probable that this clause was originally inserted in policies on overdue ships, but its use was gradually extended until it now appears in all contracts.

Owing to the time occupied in forwarding advices from abroad, a merchant or shipowner may have property exposed to the perils of the sea before he is aware of the fact, or before he has time to effect his insurance. By the inclusion of the words, "lost or not lost," his position is not prejudiced by this lack of information, provided he acts in good faith. The effect it would have on the policy should he know that his property was lost when he effected the insurance we have explained in the latter part of the section on concealment.

"At and from"

These words precede the blank left for the description of the voyage. It should be noted that "from" and "at and from" are two distinct and very material conditions of the contract. When the subject-matter is insured "from" a particular place, the risk does not attach until the ship starts on her intended voyage, that is, from the moment she casts off from the dock quay and proceeds to sea, or from the moment she weighs her anchor. Should a vessel be insured "at and from" the policy comes into force immediately the contract is effected if the ship is then at the specified place in safety.

If a vessel be insured "at and from" a port which she had not then reached, the policy becomes effective immediately the vessel arrives in that port, provided she is then in a state that might reasonably be regarded as safe. Should the vessel arrive in such a damaged condition that she cannot remain there in safety until repaired, the policy does not attach. But, on the other hand, if the vessel be damaged but not so damaged as to interfere with her physical safety, the policy will attach from the moment of her arrival. It often happens that a vessel is insured on her outward voyage by one policy and on her homeward trip by another policy. As the outward policy usually covers her for thirty days after her arrival, or until she sails on her next voyage, whichever may first occur, and the homeward policy, if effected with the customary "at and from" wording, from the moment she enters port, it follows that for a certain time the vessel is covered by both policies at once. To prevent this overlapping, Underwriters insert in voyage policies on hulls the following clause, "The risk is not to commence before the expiry of previous policies."

The space provided after the words "at and from" is for the description of the voyage, as, Liverpool to Boston. As we have seen under "Deviation" the voyage named in the policy must be in the customary course of navigation usually followed by all ships on a similar trip. Where steamers are engaged in regular trades the routes they follow are well known, such, for instance, as the Atlantic trade, in which the principal steamship companies have agreed that their vessels shall follow a specified course when outward or westbound and homeward or eastbound. This arrangement provides the greatest chance of assistance in the event of any steamer becoming disabled, as well as ensuring a greater degree of safety. Sailing vessels, however, being more at the mercy of wind and weather necessarily vary their course in accordance with these conditions.

"Upon any kind of Goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Boat and other Furniture, of and in the good ship or vessel called the"

This old-fashioned wording was framed with the idea of making the policy applicable both to an insurance effected on goods or to an insurance effected on the hull of the ship.

In practice the printed text is allowed to remain as it is, but in

the space provided for the valuation, the particular object covered by the policy is described. Thus the insertion of the word "Cotton" has the effect of eliminating from the contract the printed description relating to an insurance on the hull of a vessel, and as previously stated, if what is written on the policy conflicts with what is printed, the written words override the text.

"Goods and Merchandise"

In these words the subject-matter of the policy may be so broadly described, or the description may be more explicit, such as 100 bales of cotton or 100 sacks of flour. In all insurances effected on goods and merchandise, it is understood that they be stowed on board ship in the customary proper place for them, that is, under deck. It is apparent that goods carried on the deck of a ship are exposed to much greater chances of loss and damage than goods stowed below. Consequently a shipper of barrels of flour who caused his goods to be stowed on deck in order to get a cheaper rate of freight and had part of them washed overboard during the voyage, could not recover his loss from the Underwriter on an ordinary policy on goods. On the other hand, if the shipper when effecting the insurance, states that his property will be carried on deck, the Underwriter will quote a rate of premium commensurate with the perils to which it will be exposed in such a position, this being in practice, usually double the underdeck rate. In the event of loss, the assured is protected by his policy, having paid the Underwriter the requisite premium to ensure that protection. The usual clause inserted in policies of this description is, "Including the risk of jettison and washing overboard." The rest of the words, "Body, Tackle, Apparel, etc.," is merely a description of the outfit of a ship, a policy on the hull of a ship including all such items as her boats, rigging, spars, etc. The word "good" qualifying "ship" may be noticed as being used in the sense of "Seaworthy."

"Called the"

Here the name of the vessel must be inserted in the policy. When an insurance has been effected on goods to be shipped by a vessel named in the policy, the vessel cannot be changed except by permission of the Underwriter.

But suppose the vessel sails, and during her voyage meets with some disaster which prevents her completing the voyage, in consequence of which her cargo is transhipped into another vessel to

be forwarded to the destination of the original ship ; in such a case, the policy continues to cover the goods in the substituted ship, and in the event of the latter vessel being lost, the assured would recover from his Underwriter.

"Whereof is Master, under God, for this present voyage..... or whosoever else shall go for master in the said ship."

Here provision is made for the insertion of the master's name. In the days long past this was a very important consideration when the safety of the venture was so much more dependent on the individual courage and resource of the Captain than now. Further, it served the useful purpose of identifying a particular vessel where there happened to be more than one of the same name. As a matter of fact, in modern practice the master's name is very rarely inserted in the policy. "Or whosoever else," etc., provides for the substitution of a captain other than the one originally named. Thus, if at the last moment before sailing the master be changed, the policy is unaffected by the change. The words "or by whatsoever other name or names the same ship, or the master thereof, is or shall be named or called," protect the insured in the event of a mistake having been made in the spelling or description of the master's name or of the vessel's, or of a change in the name of the vessel.

An illustration of this occurred in the case of *Le Mesurier v. Vaughan*, 1805, where an American ship called *The President* was named in error in the policy, "*The American ship, President.*" It was held that as the Underwriter had not been misled as to the identity of the vessel, he had undertaken to insure, the variation was immaterial.

On the other hand, if the Underwriter has been misled in his conception of the risk, by a mistake in the name of the master or vessel, however unintentional, the policy is void.

"Beginning the Adventure upon the said Goods and Merchandise from the loading thereof aboard the said ship."

These words clearly indicate that the policy effected on goods does not attach until the goods are actually on board the vessel. But suppose a vessel is loading from barges when lying at anchor in a river. In such a case the goods are exposed to considerable risk before they reach the ship, which risk is not covered in this wording. It has accordingly become usual to include this lighterage

risk by attaching to the policy a clause such as "Including all risk of craft and boats to and from the ship or vessel," which has the effect of covering the goods from the shore to the ship. It should be noticed, however, that only the ordinary lighterage risk is covered by this clause. If a merchant carried his goods a long distance down river in a barge and then loaded them in the ocean-going ship at a port where the custom was to load by means of lighters into the ship as she lay a short distance from the shore, the clause would not cover such an unusual procedure.

"Upon the said Ship, etc."

To render the clause intelligible it is necessary to hark back to the words "Beginning the Adventure," and to read into the "etc." the words "Body, Tackle, etc., etc.," appearing in the description of the subject-matter of the policy. We have already seen that the risk on ship for a voyage policy commences "at and from" the port named in the policy. In "time" policies on ship the commencement of the risk is indicated by the exact time the policy comes into force, the wording (either written on or attached to the policy) usually employed being, "Say for and during the space of twelve calendar months from noon 1st Jan., 19.., to noon 1st Jan., 19.. (beginning and ending with Greenwich mean time)." It does not matter in such insurances where the vessel may be, whether at sea or in a port the other side of the world, the policy attaches according to Greenwich mean time.

"And shall so continue and endure, during her abode there, upon the said Ship, etc., and further until the said Ship, with all her Ordnance, Tackle, Apparel, etc., and Goods and Merchandise whatsoever, shall be arrived at."

In the space following these words the name of the port to which the vessel is bound must be inserted. This is a general description of the continuance and ending of the risk on both ship and cargo. The following words are more definite descriptions of the ending of the risk first on ship and then on cargo.

"Upon the said Ship, etc., until she hath moored at Anchor Twenty-four Hours in good Safety."

The policy covers the ship until she has "moored at anchor twenty-four hours in good safety." Of course the condition of "moored at anchor" need not be literally complied with, being sufficiently fulfilled when the vessel is securely moored at her

customary berth in dock, or when she anchors for a short time in the tideway and then docks at high water provided she is in "good safety" for twenty-four hours after so berthing. Hence, the most important part of the clause is contained in the last three words. "In good safety" denotes that the ship is, firstly, in the possession of the assured, and not under capture or arrest, and secondly, that she exists as a ship, even though damaged.

A vessel may arrive at her destination with severely damaged rigging and spars, and yet be sound in her hull and perfectly able to discharge her cargo and lie for any length of time in harbour. Should she arrive, however, with her hull so badly damaged that her very existence as a ship be imperilled she would be physically unable to lie "moored at anchor twenty-four hours in good safety." This point was decided in the case of *Shaw v. Felton* in 1801, in which case a vessel arrived so badly damaged that she could only be kept afloat for a few days by lashing her to a hulk, on being released from which, she sank. It was held that as she had not "moored at anchor twenty-four hours in good safety" the policy was still in operation.

"And upon the Goods and Merchandise until the same be there discharged and safely landed."

The point of termination of the risk on goods is, provided there is no special clause to the contrary, the moment they are "safely landed." They may be discharged directly on to the quay, or they may be lightered from the ship to the shore, if such is the customary method of unloading in the particular port the vessel be lying in. As the goods are covered by the policy until "safely landed" the lighterage risk is included without any special clause, which, as has been pointed out, is necessary to cover such risk when loading. The goods should be landed within a reasonable time after the vessel's arrival at the port of discharge, and if they are not so landed the risk ceases. It should be noted that the policy does not cover the goods against any perils to which they may be exposed, after landing, unless there is a special clause so extending the risk. In practice goods are often covered right up to their destination in the interior. This is specially true of such merchandise as raw cotton and wool, which is often sent straight from the ship to the mills in Lancashire and Yorkshire, instead of being warehoused at the port of discharge.

The inception and termination of the risk on ship and goods having been discussed, it will not be out of place to turn to the third prime subject-matter of Marine Insurance, viz., Freight.

FREIGHT is described in the Schedule of the M.I. Act as "the profit derivable by a shipowner from the employment of his ship." It may be earned by the carriage of his own goods as well as that of a third party, but it does not include passage money. As stated under "Insurable Interest" (page 425) Freight forms a perfectly valid insurable interest and may be roughly divided into two kinds, (a) Money payable for the carriage of goods; (b) money payable for the hire of a ship. The first is the more common kind and is known as "Bill of Lading Freight." The risk on Bill of Lading Freight attaches *pro rata* as the goods are shipped, or if there be cargo in readiness, which belongs to the shipowner, or which some other person has contracted with him to ship, the risk attaches as soon as the ship is ready to receive such cargo. According to English law, if the freight is payable at destination, the shipowner is only entitled to charge freight on the goods he actually delivers at the port of destination, and therefore an insurance policy effected on Bill of Lading Freight may be considered coincident with a policy taken out on goods themselves.

In the case of chartered freight, the risk commences immediately the contract is concluded, if the ship is then at the specified place in good safety; otherwise the risk begins as soon as she arrives there in good safety and continues until the contract is completed. It has become the custom in certain trades for the shipowner to stipulate that the whole or part of the Bill of Lading Freight be paid by the shipper when the Bills of Lading are signed, or before the vessel sails from the loading port. Such freight is commonly known as "Advance Freight," and having once been paid it cannot be recovered back in the event of the ship or goods being lost before the port of destination is reached. The reason for what at first sight would appear to be a very one-sided agreement is, that such advances are held not to be freight in its strict sense, but considerations paid to the shipowner for taking goods on board his ship and undertaking to carry them, not for carrying them. In the event of part only of the freight being paid in advance, on the voyage being completed, the advance is deducted from the full Bill of Lading Freight, if and when such freight be earned. It is

plain from the above that the shipowner has no insurable interest in freight paid in advance, as he runs no risk of losing it, but the risk of such loss falls on the merchant who has to pay it. (See under Insurable Interest, page 425.) To cover himself against loss he usually adds the amount he has paid for advanced freight to the value of his goods, stating, when effecting the insurance of his goods, the amount he has so included.

"And it shall be lawful for the said ship, etc., in this voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever without Prejudice to this Insurance."

The Marine Insurance Act (Sec. 6 of First Schedule) states in reference to this clause, "In absence of any further licence or usage, the liberty to touch and stay at any port or place whatsoever does not authorise the ship to depart from the course of her voyage, from the port of departure to the port of destination." From this it will be seen that although at the first glance this clause appears to give unbounded liberty to the vessel to call at any port or ports, such is not its true interpretation. The port or ports to be called at must be in the ordinary course of the vessel's voyage, and in their ordinary geographical order, and further, the call must be made for the purposes of the voyage. In illustration of this latter condition the case of the *Company of African Merchants v. British and Foreign Marine Insurance Co.* may be quoted. A vessel was insured from Liverpool to the West Coast of Africa "during her stay and trade there," and back to a port in the United Kingdom. She prolonged her stay on the coast for two months after loading a homeward cargo, for the purpose of engaging in salvage operations in connection with the wreck of another vessel which had been bought by her owners. In a subsequent action upon the policy against the Underwriters it was held that she was not at liberty to make such a delay, as it had not been made for trading purposes, and that consequently the policy was void. In practice it is usual to insert a clause in policies on goods to provide against deviation or change of voyage, or to extend the liberty to call by such a clause as "Held covered in case of deviation or change of voyage, provided notice be given and any additional premiums required be agreed immediately after receipt of advices."

This clause preserves the assured's right of recovery in event of loss which otherwise might be prejudiced by the inclusion in

the Bills of Lading of conditions relating to the voyage which would probably invalidate his policy.

"The said Ship, etc., Goods and Merchandise, etc., for so much as concerns the Assured, by agreement between the Assured and Assurers, are and shall be valued at"

The space which here follows is provided for the insertion of the valuation, and as previously observed, it is customary also to insert a description of the subject matter of the policy such as—

In a cargo policy	..	100 Bales of Cotton valued at	£1,500.
In a hull policy	..	Hull and Materials, etc, etc.	} valued £20,000.
		Machinery and Boilers, etc.	
In a freight policy	..	Freight valued at	£1,000.

Roughly speaking the basis of the value of a ship is what she cost her owners to build or buy, less a yearly deduction for depreciation. For cargo the basis of value is its invoice or actual cost, plus a reasonable percentage for profit and cost of shipping and the amount of advanced freight, if any. For freight the basis of value is the amount of freight at risk as per Bills of Lading or Charter Party.

If the subject matter of the insurance be unvalued, Sec. 16 of the M.I. Act fully provides for the method of ascertaining the measure of the insurable value, but as already stated, an unvalued policy is very rare, and therefore this point does not require further discussion here.

"Touching the adventures which we, the assurers, are contented to bear and do take upon us in this voyage, they are"

These words form the prelude to the enumeration of the perils which the Underwriter agrees to assume liability for, in consideration of the payment of premium.

The first is the "*Peril of the Seas.*"

The term "*peril of the seas*" gives the keynote to the *raison d'être* of a marine insurance policy and governs all the other perils. To the uninitiated such an apparently comprehensive expression would convey the idea that the policy indemnifies the insured against every hurt that might come to his goods during their oversea transit; such, however, is not the case. As an excellent definition of what the term really means the judgment of Lord Herschell in the "*Zantho*" case in 1887 may be quoted. "I think it clear that the term '*perils of the*

sea ' does not cover every accident or casualty which may happen to the subject-matter of the insurance 'on' the sea. It must be a peril 'of' the sea. Again, it is well settled, that it is not every loss or damage of which the sea is the immediate cause that is covered by these words. They do not protect, for example, against that natural and inevitable action which results in what may be described as wear and tear. There must be some casualty, something which could not be foreseen as one of the necessary incidents of the adventure. The purpose of the policy is to secure an indemnity against accidents which *may* happen, not against events which *must* happen."

As an illustration of this latter point, the policy does not cover losses which arise from vice proper or "inherent defect" of the goods themselves, such as damage to fruit or meat which becomes rotten or putrid from delay on the voyage, nor from the ordinary amount of leakage and breakage which occurs to liquid and brittle goods.

The most common form of "inherent defect" is what is known as "*sweating*," which is caused by cargo, such as grain, being shipped in an immature state, thus causing heating during the voyage. The air in the hold becomes warm and moist, and condenses on the hold beams in the form of sweat, which then falls back on to the cargo below, causing deterioration. Another very common loss which is not covered by the policy is damage due to bad stowage or to negligence. Take, for example, a vessel which goes out in ballast to Galveston to load a cargo of cotton homeward. Before leaving the home port she probably takes enough coal on board to last her the round voyage, that is, out and home, some of which may be stowed in the hold.

When loading at Galveston some of the cotton may be stowed in the space previously occupied by coal and unless the hold has been carefully cleaned, the bales get covered with coal dust. Such damage is due to negligence on the part of the shipowner and consequently the loss is recoverable from him, not from the Underwriter.

"Fire"

Loss or damage by fire sustained by the subject-matter of the policy is recoverable from the Underwriter whether it be caused by lightning, negligence of the crew, or pure accident. In practice,

the policy is often extended by a special clause to cover goods against the risk of fire for a specified period while lying on the quay or in the custom house at the port of discharge, provided no land fire insurance has been effected. It often happens that consignees of large quantities of goods take out an open cover with a Fire Insurance Company to protect their merchandise against the risk of fire wherever it may be, within a certain radius, say of ten miles, at the port of discharge, and consequently it is possible that a marine policy might cover the risk of fire on the quay, which risk was already automatically covered by the open fire cover. To guard against this eventuality the Underwriter usually inserts a clause in the policy such as "This insurance shall not insure to the benefit of any Fire Insurance Company but shall be void to the extent of any fire insurance covering the same property whether effected previously or subsequently hereto in date."

"Men-of-War, Enemies, Pirates, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea."

These words specify perils occasioned by the violence of a country's recognised enemy as well as by foes of all nations such as pirates and rovers.

The words "Men-of-War" and "Enemies" mean that the policy covers all loss or damage occasioned by the hostile acts of an enemy's fleet during war, but as the usual fate of a merchant vessel is capture, whether legal or illegal, this risk is covered by the words "Takings at Sea."

The risks of capture, seizure and detention are usually excluded by Underwriters, especially in policies insuring steamers for time, since it is quite impossible to foretell what political conditions may reign a few months hence.

The clause inserted in the policy to exclude this risk is known as the "F. C. & S." clause (free of capture and seizure). This clause is commonly printed in the margin of the policy and is as follows—*"Warranted free of capture, seizure, and detention, and the consequences thereof, or any attempt thereat, piracy excepted, and also from all consequences of riots, civil commotions, hostilities or warlike operations, whether before or after declarations of war."*

It should be noted that when the risk of capture, seizure, etc., is covered, this F. C. & S. clause is deleted in the policy which has the effect of releasing the subject-matter of the policy from the

warranty to be "free of capture," etc., and to remain covered as expressed in the body of the policy.

"*Pirates, Rovers.*"—These words, each meaning the same thing, need no explanation.

"*Thieves.*"—The word as used in the policy means theft by violence and does not cover petty thefts or pilferage by the crew or stevedores. The risk of this petty theft is often undertaken by the Underwriter, who usually requires an additional premium for so doing, and inserts in the policy a clause such as "including risk of theft."

It should be clearly understood that unless there is a clause in the policy providing otherwise, the risk of clandestine theft is not covered under an ordinary policy on goods.

"*Jettison.*"—As stated in the early part of this chapter (vide page 409) jettison is the throwing overboard of a part of the cargo, or a part of the equipment of the ship usually for the purpose of lightening or relieving her when in a position of danger. The value of the property so sacrificed is made good to the owner by a proportionate payment made by all the parties interested in the ship, freight, and cargo which have been saved from destruction by this general average act, *i.e.*, jettison.

Loss by jettison is directly recoverable from the Underwriter, but should the assured so elect to recover his loss, the Underwriter, on payment of the claim, is entitled to receive whatever may be subsequently due to the assured from the other parties to the adventure. In other words the assured cannot recover his loss from the Underwriter as well as retain what is made good in General Average. In the same way the loss of freight on the goods which have been jettisoned is made good in general average, or may be claimed from the Underwriter at the assured's option.

"*Letters of Mart and Countermart.*"—"Letters of Mart" were commissions granted by the Government to private individuals empowering them to fit out and arm merchant ships as "Privateers" for the object of preying on the shipping of an enemy. The commission, or licence placed the privateer practically on the footing of a man-of-war, and allowed the owners to keep the prizes which they took.

"*Letters of Countermart.*"—A commission granted to those who had suffered from the depredations of privateers, authorising them

in their turn, to make reprisals. All losses so caused are covered by the policy.

"Takings at Sea."—These words require no explanation, being already explained under "Capture."

"Arrests, Restraints and Detainment of all Kings, Princes and People of what nation, condition or quality soever."

The difference between "Capture" and "Arrest" and "Restraint" is well defined by Mr. Justice Brett in the case of *Rodocanachi v. Elliot* (1874), an action arising from goods being detained in Paris during the siege of 1871. "Capture," he said, "is taking possession with intent to change the property; arrest is taking with intent ultimately to restore to the owner; restraint a prevention of the goods going."

It should be noted that the term "People" is to be read as meaning the ruling power, such as a Republic, and not in the sense of a mob.

"Barratry of the Master and Mariners."—The term "barratry" includes every wrongful act wilfully committed by the master or crew to the prejudice of the owner, or, as the case may be, the charterer. For example, an act of barratry is committed when a mutinous crew seize their ship and run her ashore or otherwise use her for their own ends. Should, however, the ship be cast away with the knowledge or connivance of the owner, in such an event the act would not constitute barratry, but fraud, and the policy would be void in consequence.

"And of all other Perils, Losses and Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods or Merchandises and Ship, etc., or any part thereof."

The term "all other perils" includes only perils similar in kind to the perils specifically mentioned in the policy.

"And in case of any loss or misfortune it shall be lawful to the assured, their factors, servants and assigns to sue, labour and travel for, in and about the defence, safeguard and recovery of the said goods and merchandise and ship, etc., or any part thereof without prejudice to this insurance; to the charges whereof we, the assurers, will contribute each one according to the rate and quantity of his sum herein assured."

This agreement is supplementary to the contract of insurance, and is known as the "Sue and Labour Clause."

It gives permission to the assured and his employees to take all necessary steps in the preservation of the subject-matter of the policy when in danger ; and further, the Underwriter agrees to pay his proportion of any expenses which may be reasonably incurred in so averting or minimising a loss covered by the policy.

As a matter of fact, the assured is bound by law to do all that he reasonably can to minimise a loss. (M.I. Act, Sec. 78.) As an example of an expense recoverable under the clause, suppose a vessel when lying anchored in the River Mersey lost her anchor owing to the cable parting. If a shipowner engage a tug to go and grapple for the anchor, the expenses incurred are recoverable under the sue and labour clause provided that the loss of the anchor, to avoid which action is taken, is one which, if incurred, would be recoverable from the Underwriter. It is possible that the cost of replacing the anchor if lost would not amount to the required percentage to constitute a claim under the policy and, if such was the case, the charges incurred in trying to recover it would not be claimable from the Underwriter.

An explanation of what is meant by "required percentage" is given under the heading of the "Memorandum."

"And it is especially declared and agreed that no acts of the Insurer or Insured in recovering, saving or preserving the property insured, shall be considered as a waiver or acceptance of abandonment."

This clause is known as the Waiver Clause, and its object is to protect on the one hand the rights of the Underwriter, and on the other those of the shipowner should they institute such measures as are provided for under the Sue and Labour Clause to protect the subject-matter of the policy in the event of disaster overtaking it. As an illustration of the effect of this clause, suppose a vessel went ashore in such a bad position that the shipowner thought that the chances of saving her were nil and accordingly wrote to the Underwriter and said, "I abandon my ship to you, pay me my insurance." The Underwriter might think the case was not so hopeless as it appeared to the owner, and so would reply, "I will not accept your offer to abandon your ship to me in exchange for the sum of money I have under-written but will first of all try to get your ship afloat again." If the Underwriter then took steps to try and save the vessel, the fact of his taking such steps could not be construed as a tacit agreement to pay the shipowner the

amount of the insurance, or, in technical language, a total loss. If the vessel was eventually floated, it might turn out that the costs of saving and repairing her were considerably less than the sum insured, which, but for the Waiver Clause being in the policy, the Underwriter might have had to pay; either party being restrained from taking steps for the preservation of the property insured for fear that his action might compromise him. In other words, the vessel might have been allowed to remain ashore until she was completely broken up by the action of the sea because the shipowner was afraid to try and save her, lest by so doing his claim for a total loss might be invalidated, and the Underwriter, on the other hand, being similarly deterred from taking any means to preserve the vessel from further damage for fear that by so doing his action might be construed as an admission of liability.

"And so we the Assurers are contented confessing ourselves paid the Consideration due unto us for this Assurance by the Assured at and after the rate of."

In these words the Underwriter acknowledges having received the premium in consideration of which he has undertaken to indemnify the Assured against the risks specified in the policy. Although the wording of the policy states that the premium has been paid it may not follow that such is actually a fact. In practice the custom is to pay the premium on or before the issue of the policy. In cases where a large amount of business is being continually transacted between the Underwriter and the Assured or his agent, the premium is settled in account monthly, that is to say, the Underwriter is credited with all premiums due on risks accepted by him in the past month and is debited with all small claims passed by him in a like period but not actually paid, the balance of the account being paid or received by the Underwriter. Claims for large amounts are paid as soon as they have been passed.

The employment of a broker to effect an insurance on behalf of the Assured raises a very important point in relation to the payment of premium and the liability for claims. According to law the broker is responsible to the Underwriter for the premium but the Underwriter is directly responsible to the broker's principal for the amount which may be payable in respect of losses.

Thus, in the event of the assured paying the broker the premium and the broker becoming bankrupt before he had handed the

premium over to the Underwriter, the Underwriter would have to pay the assured in full any claims that might arise without receiving any premium for the risk, or at the best only something in the £.

"N.B.—Corn, Fish, Salt, Fruit, Flour and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per cent.; and all other goods also the Ship and Freight, are warranted free from Average under Three Pounds per Cent., unless general, or the Ship be stranded."

This clause is known as the "Memorandum" and was introduced into the policy with the idea of providing a minimum limit to the Underwriters' liability for damage to the very perishable articles enumerated therein. The word "Average" is used in two senses, when employed to denote partial loss it is called "particular average" and when to denote contribution it is termed "general average."

It has already been explained that "general average" represents a voluntary sacrifice when in danger for the general benefit of ship, cargo, and freight. Particular average, on the other hand, represents damage or loss which is purely accidental in its nature and due to a peril insured against to ship, cargo or freight. It concerns the subject-matter of the policy only in contradistinction to general average, which concerns all the parties in the adventure.

Thus the damage sustained by a ship in a storm is a particular average on the ship; a portion of the cargo might be damaged by some of the sea-water getting into the hold, such would result in a particular average on the cargo; and if part of the cargo happened to be salt, and dissolved in consequence of getting wet, the loss of freight on that portion which had melted would be a particular average on the freight.

The meaning of the "Memorandum" is—

- (a) The Underwriter stipulates that he will not be liable for partial loss (average, used in the sense of particular average) to Corn, Fish, Salt, Fruit, Flour, and Seed unless the ship is stranded. (It should be noted that general average is not excluded, the words "unless general" meaning "except general.")

Although the policy does not contain any direct reference in connection with its liability to pay general average, it nevertheless,

is an implied condition of the contract. General average exists quite independent of insurance, and as a matter of fact it was an established custom of the sea long before insurance was evolved; the liability therefore for contribution to general average, is a common law liability.

- (b) The Underwriter stipulates that he will not be liable for particular average on Sugar and Tobacco, Hemp, Flax, Hides and Skins under £5 per cent. unless the ship be stranded. For example, fifty sacks of Sugar insured for £100 sustain damage by sea-water during the voyage and the loss amounts to £6 per cent. As this exceeds the stipulated percentage the assured can recover from his Underwriter the whole of his loss provided he is fully insured. (See page 452 for explanation of this term.)
- (c) The Underwriter stipulates that he will not be liable for particular average on all other goods, as well as the ship and freight under £3 per cent. unless the ship be stranded. For example, a vessel might sustain damage in a storm, the cost of repairing which damage might amount only to two per cent. of the sum for which her hull was insured, and if such was the case the shipowner could not recover from his Underwriter as the loss would be under the required percentage.

"Or the ship be stranded." In the event of the vessel stranding the stipulations in the Memorandum become inoperative and the Underwriter is liable to pay average irrespective of percentage just as if the Memorandum did not exist.

As an illustration of this, a vessel laden with wheat meets with heavy weather during the voyage and part of the wheat is damaged by sea-water. As wheat is included in the word "Corn" it is warranted free from particular average unless the ship be stranded, consequently damage sustained during bad weather is not recoverable; but suppose the vessel, after passing through the storm, grounds on a sand-bank as she is entering her port of destination. She remains fast for a short time and then is refloated without having sustained damage to her bottom to such an extent as to admit any sea-water. As the vessel has been stranded the Underwriter is liable for the whole of the damage done to the cargo during the storm even though none was caused by the grounding.

But a point to be noticed is that the cargo of corn must be actually on board at the time of stranding to enable the assured to claim for damage due to heavy weather. Thus a vessel might so strand before she reached her loading port, get off, load, complete her voyage and discharge her cargo of corn sea-damaged, but the assured could not claim for the damage on the plea that the vessel had stranded.

A question which the foregoing will naturally cause the student to ask is "*What is stranding?*"

A stranding within the meaning of the policy is when the vessel takes the ground by reason of some accidental occurrence and remains fast for an appreciable time. It is not a stranding if the vessel takes the ground in a tidal harbour where it is the usual thing for all vessels entering such a harbour to do so in the ordinary course. In practice it has become very common to extend further the liability of the Underwriter, by adding to the word "stranded" the words "sunk, or burnt, on fire, or in collision." The word "sunk" appears to be superfluous when the policy already contains the word "stranded" as a vessel when "sunk" also becomes stranded when she reaches the bottom. "Burnt." It has been held by the Courts that before the exception "burnt" comes into effect, the vessel herself must be so damaged by fire that a jury would consider her to be a burnt ship. It is not sufficient for the ship to have been merely on fire, and so in order to extend the meaning of "burnt" the words "or on fire" have been added. Thus a very small fire in the cabin will have the effect of destroying the exceptions to particular average contained in the policies effected on the cargo stowed in the hold. It should be particularly noticed that it is the *ship* which must be "burnt" or "on fire." If the cargo is damaged by fire and the ship is not, the conditions of the Memorandum remain unaltered. "Or in collision" means that the vessel must be in collision with another ship.

Striking a dock wall or running into a pier does not constitute a collision. To make the meaning of the words "in collision" more clear very often the words "with any other ship or vessel" are added.

Having considered Lloyd's policy and many of the everyday clauses which are added by Underwriters to extend its conditions, we will now proceed to glance at the methods which regulate the

adjustment of claims and the measure of indemnity provided under a marine insurance policy.

CAUSA PROXIMA.—Before, however, proceeding further a word must be said in explanation of a most important principle in connection with the recovery of losses, and that principle is the well-known legal doctrine of "*Causa proxima*" (*i.e.*, that the *proximate* cause of the loss is to be looked to). This principle, or rule, is strictly applied to the contract of marine insurance.

It should be clearly understood that the Underwriter is not liable for a loss not proximately caused by the perils insured against.

As an illustration we will presume that a vessel, A, laden with a cargo of fruit, runs into a vessel, B, which is at anchor, doing damage to B but sustaining none herself. The owners of B, to enforce their claim for damages from A, institute proceedings whereby A is placed under legal arrest, which will only be removed on the payment of bail by the owners of A. The owners of A may be some time in raising the necessary sum of money required to release their ship, and in the meantime the cargo of fruit, owing to its perishable nature, becomes rotten. The cause of loss is the "*inherent vice*" of the fruit brought out by the delay in the voyage caused by the arrest as the result of the collision. Thus there are a succession of causes which have produced the loss, but only the nearest cause must be looked to and the others rejected, although the result would not have been produced without them. As already stated, the Underwriter is not liable for damage due to "*inherent vice*" and consequently, in the example given, the assured could not recover his loss from the insurer. The Underwriter is not liable for any loss attributable to the fault or misconduct of the assured, but he is liable for any loss proximately caused by a peril insured against, even though the loss would not have happened but for the misconduct or negligence of the master or crew, or any other cause not directly insured against. Thus, if a ship goes ashore owing to the negligent navigation of the captain and subsequently becomes a wreck, the Underwriter is liable for the resultant loss.

TOTAL LOSS.—Obviously the simplest form of loss is a total loss arising from a peril insured against, the measure of indemnity for which is the payment by the Underwriter to the assured of the sum insured.

Actual total loss is defined by the Marine Insurance Act, Sec. 57,

in the following words: "Where the subject-matter insured is destroyed or so damaged as to cease to be a thing of the kind insured, or where the assured is irretrievably deprived thereof, there is an actual total loss." Suppose a ship founders at sea during a storm when laden with cargo, a total loss of ship, cargo and freight occurs. The necessary documents required by the Underwriter in connection with a claim for total loss are—

- (1) The Protest, which is a statement of the facts of the casualty sworn before a Notary by the captain or crew should they be saved.
- (2) The policy.
- (3) The full set of Bills of Lading relating to the shipment, endorsed by the shipowner with a memorandum to the effect that the goods were actually shipped on board the lost vessel. This is essential, as very often goods are "shut out" from the vessel in which they are intended to be shipped owing to their arriving late alongside and are forwarded in a following ship.
- (4) The invoice, as evidence that the goods were insured for a reasonable amount over and above their cost, and were not excessively overinsured. Documents 1 and 2 are required for the settlement of a total loss of ship. 1, 2, 3 and 4 for a total loss of cargo, and 1 and 2 for a total loss of freight.

In the event of a vessel sailing on a voyage and never being again heard of, after the lapse of a reasonable time she is presumed to be lost and is "posted at Lloyd's" as missing, and the Underwriter pays the loss on production of the above-named documents, with the exception, of course, of the Protest. No amount of damage to goods which arrive at their destination in specie will entitle the assured to recover as for a total loss, *i.e.*, bales of cotton may arrive so badly damaged by fire as to be worth half the value of sound bales, but nevertheless so long as they are recognisable as bales of cotton, though very badly burned ones, the assured can only recover his loss adjusted on a particular average basis and not as a total loss. The difference between the two methods is shown under Particular Average (page 451).

Should, however, boxes of bacon arrive so badly damaged by sea-water as to be merely boxes of putrifying matter which by no

stretch of imagination could ever be called bacon, the assured is entitled to claim a total loss from the Underwriter. In the event of goods arriving damaged at a port short of their destination and being sold there, the assured is entitled to claim a total loss, the Underwriter either paying in full and taking the proceeds, or the assured taking the proceeds and the Underwriter paying the difference between the proceeds and the insured value of the goods sold, this latter method of settlement being known in practice as a "salvage loss."

CONSTRUCTIVE TOTAL LOSS.—"There is a constructive total loss where the subject-matter insured is reasonably abandoned on account of its total loss appearing to be unavoidable, or because it could not be preserved from actual total loss without an expenditure which would exceed its value when the expenditure had been incurred." (M.I. Act, Sec. 60.)

In determining whether a ship is a constructive total loss or not, the circumstances of the case must be viewed from the standpoint of the prudent uninsured owner. For example, a vessel is driven ashore during a gale and sustains more or less serious damage. The question is, "What would her owner do with her if he was uninsured?" The answer is, "He would first consider how much it would cost to get her afloat, and secondly, when afloat again, how much it would cost to repair her, and thirdly, how the cost of floating and repairing her would compare with her value when repaired." If the cost of salving and repairing exceed the value of the ship, she is a constructive total loss. A glance at the following figures will make this more clear—

The estimated proportion of expenses for floating and getting the vessel into a place of safety amounts to	£2,000
The estimated cost of repairing the vessel amounts to	£8,000
	<hr/>
	£10,000

The value of the vessel when repaired £9,500
Result :—A constructive total loss.

Suppose in the case cited the owner spent the £10,000 getting his ship off and repairing her, he would simply be throwing £500 away, as after all his trouble and expense his property would only

be worth £9,500. The value of the ship when repaired is agreed between the assured and his Underwriter to be the value of the vessel stated in the policy, *i.e.*, her insured value, and this agreement is embodied in a special clause known as the "Valuation Clause" attached to most time policies on ship, which clause reads as follows—

"In ascertaining whether the Vessel is a constructive total loss, the insured value shall be taken as the repaired value, and nothing in respect of the damaged or break-up value of the vessel or wreck shall be taken into account." The latter part of the clause was added after the decision of the House of Lords in the case of *Macbeth & Co. v. Maritime Insurance Co.* (1908), which was an action brought by the owners of the s.s. *Araucania*, who had insured the vessel free of particular average, to recover for a constructive total loss, the owners' claim being based on the contention that the value of the wreck should also be taken into account. Previous to this decision, which was given in the shipowners' favour, the value of the wreck had not been admitted.

The effect such inclusion would have is shown by a comparison of the following figures—

Case for Owners of "Araucania."

Value of wreck, say	£1,500
Estimated cost of repairs, etc.	£11,000
Total	£12,500

Repaired value (insured Value)
£12,000

Result: A constructive total loss.

Underwriter's Case.

Estimated cost of repairs, etc.	£11,000
---------------------------------	---------

Repaired value (insured Value)
£12,000

Result: No claim for a constructive total loss.

With regard to a constructive total loss of goods, the prudent uninsured owner theory also serves in a measure as the test. If, for example, goods arrive at a port short of their destination in such a badly damaged state that the cost of reconditioning and forwarding them to their destination would exceed their value on arrival, there is a constructive total loss of goods.

AVERAGE CLAUSES.—As ships and cargoes increased in size and value it was found that the terms of the Memorandum imposed unduly severe conditions on the assured, as the subject-matter of the policy had to be considerably damaged before the resultant loss

reached the required percentage, unless, of course, the ship was stranded. This led to the introduction of "average clauses" which are in effect agreed subdivisions of the subject-matter insured.

Such an insurance is termed a "W.A." (with average) policy, and its nature is indicated by a special average clause written in the policy, as, for example, in a policy on cigars,

"To pay average on each case if amounting to 3 per cent." The insertion of such a clause has the effect of rendering the Underwriter liable for all loss or damage to the cigars arising from a peril insured against and irrespective of any accident to the ship provided the damage amounts to 3 per cent. of the insured value of each case of cigars. Bales of American cotton are insured with the following average clause: "Average payable on each ten bales running landing numbers if amounting to 3 per cent., but to pay pickings claims without reference to series or percentages."

The meaning of this clause is that the Underwriter will pay for all damage to the cotton due to a peril insured against provided the loss on each ten bales arranged in series of ten as they are landed on the quay from the ship's hold amounts to 3 per cent. of their insured value. The meaning of "Pickings Claims" is explained later.

Wool is insured "W.A. if amounting to 3 per cent. on each bale." Manufactured Cotton Goods—"W.A. on each bale or case," and so on, the different percentage or "franchise" being well established by custom, a rough rule being that the more delicate the goods, the higher the franchise is likely to be. Should the loss amount to the required franchise, the Underwriter pays the whole loss and not merely the amount of the loss in excess of the franchise. For example, if the loss on ten bales of cotton amounts to 5 per cent. the Underwriter pays the assured the whole loss, *i.e.*, 5 per cent. and not the difference only between 3 per cent. and 5 per cent.

PARTICULAR AVERAGE.—The measure of indemnity for partial loss (particular average) of goods arriving at destination in a damaged condition is settled by law, the section (71) of the M.I. Act dealing with the subject being as follows—

"Where the whole or any part of the goods or merchandise insured has been delivered damaged at its destination, the measure of indemnity is such proportion of the sum fixed by the policy in the case of a valued policy, or of the insurable value in the case

of an unvalued policy, as the difference between the gross sound and damaged values at the place of arrival bears to the gross sound value."

When goods arrive damaged the first duty of the assured is to inform his Underwriter of the fact, in order that the latter may appoint an expert, known as a "Surveyor" to examine the goods. This expert will report on the nature and cause of damage and advise what steps should be taken to minimise the loss. A very usual recommendation is that the goods be sold by public auction. The damaged value of the goods is what they realise by sale, the sound value is their market value had they arrived sound, taken on the day of sale of the damaged portion. The difference between the two values represents the depreciation or loss and this depreciation is then applied to the insured value of the damaged goods. It should be particularly noticed that the comparison must be made between the *gross* sound value and the *gross* damaged value, that is, before deduction of the expenses of sale, etc. The reason for this comparison of values is to eliminate, as far as the Underwriter is concerned, any advantages or disadvantages arising from the market fluctuations. The Underwriter undertakes to indemnify the assured from loss arising from perils of the sea and not from loss arising from a fall in the market, consequently he is deprived of any advantage that might accrue owing to the goods being sold when the market happened to be high, and exempt from loss owing to the market being low. Further, the comparison must be made on the gross values to obtain a true percentage of loss.

As illustrations of these points the following figures are given—

(A) *Correct Basis for P.A. Claim.*

Gross Sound Value	£200
Gross Proceeds	£150

Loss	£50
Depreciation—25 %	
Insured Value—£190 @ 25 %	
Amount due from Underwriter,	£47 10s. 0d.

(B) *Incorrect Basis.*

Net Sound Value (<i>i.e.</i> , Gross value less charges)	£180
Net Proceeds (<i>i.e.</i> , Gross proceeds less charges)	£130

Loss	£50
Depreciation—27 $\frac{1}{4}$ %	
Insured Value—£190 @ 27 $\frac{1}{4}$ %	
	£52 14s. 6d.

On comparison of above figures the loss is found to remain the same in each case, but the *percentage of depreciation* is different. In example (A) the insured value is less than the sound value, and the Underwriter in consequence pays less than the actual loss to the assured. Such a result is due to the assured being "under-insured."

Suppose, on the other hand, the insured value was £220, the Underwriter would still have to pay 25 per cent. of it or £55, such a case is known as being "fully insured."

When goods arrive damaged there are always certain charges incurred which would not have been incurred had the goods arrived sound, such for example as the expenses of an auction sale, survey fees, extra handling on the quay, etc., etc. Charges of this nature are recoverable from Underwriters, and are known as "Extra Charges."

Certain articles, when lightly damaged, lend themselves to methods of reconditioning peculiar to themselves alone; such as bales of cotton, which are usually reconditioned by "picking," that is, the damaged portion is removed by hand, and sold, and the casing of the bales repaired. Wool is also treated by this method; coffee is skimmed, *i.e.*, the damaged portion is removed from the bags. Tobacco is reconditioned by cutting off the damaged portion. It has become the custom for Underwriters to settle such losses irrespective of percentage and based on the sound value only. The following is an example of a "Pickings Claim" on Cotton.

NATURE OF DAMAGE

Ten bales damaged by sea-water and reconditioned by picking and mending, the pickings removed weighed 50 lbs. and the rags (old canvas wrappings off the bales) 20 lbs.

CLAIM.		lbs.
XYZ 10 B/s damaged by sea-water—Pickings	.	50
Deduct 1/3 for water (according to custom)	.	17
		<hr/> 33
		— £ s. d.
Sound value, 8d. per lb.	.	1 2 0
Proceeds—Pickings 50 lbs. realised by sale, 4d per lb.	.	17 0
Rags 20 lbs. " " @ 2s. per cwt.)	.	<hr/> 5 0

EXTRA CHARGES.		£ s. d.
Canvas to re-cover the damaged patches on the bales	.	10 0
40 yds. @ 3d.	.	2 1
Twine, 10 hanks @ 2½d.	.	13 6
Men's time picking and mending, 3 days @ 4s. 6d.	.	<hr/> 1 5 7
		1 10 7
		10 6
Surveyor's Fee	.	<hr/> £2 1 1
Total "Pickings" claim	.	<hr/>

The adjustment of a particular average claim on a ship is radically different from the principle adopted in P.A. claims on goods. In ship claims there is no sound and damaged values to be compared. The measure of indemnity is the reasonable actual cost of repairing the damage sustained, subject to the terms of the policy, plus such items as survey fees, dry dock rent (if the damage is of such a nature as to necessitate the use of a dry dock), extra coal and stores used in moving into and out of dry dock, extra towage, etc. For example, suppose a vessel has sustained damage to her propeller by striking some submerged object during the course of her voyage, and has to be dry docked for examination and repairs. The adjustment of the Particular Average claim would be on the following lines—

Preamble: consisting of:

Statement of facts, surveyors' reports, specification of the repairs necessary, etc.

Disbursements consisting of—

Ship repairer's bill for dry docking and repairing the ship, say	£	s.	d.
Surveyor's Fees	1,000	0	0
Tug Hire assisting vessel to and from dry dock	20	0	0
Extra Coal and stores used in connection with repairs	10	0	0
	5	0	0
	£1,035	0	0
Credit for any old material removed from the ship	5	0	0
	£1,030	0	0
Average Adjuster's Fee	10	0	0
Total Particular Average amounts to	£1,040	0	0
Insured value of the vessel, say	£5,000	0	0

Conditions of the policy (*i.e.*, time or voyage and special clauses, if any)

UNDERWRITERS AND COMPANIES			
Say £2,000 insured with "Private" Underwriters pays	£416	0	0
1,000 " " "A" M.I. Co., Ltd.	208	0	0
1,000 " " "B" M.I. Co., Ltd.	208	0	0
500 " " "C" M.I. Co., Ltd.	104	0	0
500 " " "D" M.I. Co., Ltd.	104	0	0
£5,000 pays Particular Average	£1,040	0	0

In the example given, the claim is considerably in excess of 3 per cent. of the insured value of the vessel. In the event of a vessel insured under a voyage policy, meeting with a number of small accidents during the voyage, each under 3 per cent. and none

of which, by their nature, breaks the memorandum warranty, all such small damages may be added together and if the total exceeds 3 per cent. on the vessel's insured value, the assured is entitled to claim from the Underwriter all the losses so occasioned, provided, of course, they arise from perils insured against. In time policies, however, the assured can only add together the losses happening on one round voyage to ascertain whether the required percentage has been reached, and not all the damages sustained during twelve months, or for whatever period the policy may be effected.

A shipowner is not bound to repair his ship in the event of her sustaining damage. He may decide to sell her in her damaged condition, in which circumstance he is entitled to claim from his Underwriters the reasonable cost of repairing such damage, but not exceeding the actual depreciation in the value of the ship as ascertained by the sale. Should the shipowner only partially repair his vessel, he can claim to be indemnified for the reasonable depreciation to the ship arising from that part of the damage which has been left unrepaired. Again, the shipowner may decide to leave the repairs over to a more convenient time if they are not of such a nature as to interfere with the vessel's seaworthiness, but should the vessel be totally lost before the expiry of the policy and before the repairs are made, the shipowner can only recover for the total loss. The reason for this is that as the repairs had never been effected, no loss had been sustained by the shipowner on that account and consequently he has no claim.

GENERAL AVERAGE.—A definition of General Average is given in the Marine Insurance Act (Sec. 66) as follows—

- (1) A general average loss is a loss caused by or directly consequential on a general average act. It includes a general average expenditure as well as a general average sacrifice.
- (2) There is a general average act where any extraordinary sacrifice or expenditure is voluntarily and reasonably made or incurred in time of peril for the purpose of preserving the property imperilled in the common adventure.
- (3) Where there is a general average loss, the party on whom it falls is entitled, subject to the conditions imposed by Maritime law, to a rateable contribution from the other parties interested, and such contribution is called a general average contribution.

From the above it is seen that the losses which give rise to a general average contribution are divided into two classes which have a common objective, *i.e.*, the preservation of the whole adventure in a time of peril by

- (1) Sacrifice of property.
- (2) Expenditure.

There are, however, essential conditions which must be present to constitute general average. Briefly enumerated the principal conditions are—

- (1) The loss must be voluntary, *i.e.*, the intentional act of man, as distinguished from accident.
- (2) The loss must have been incurred with a view to the general safety. A loss incurred for the safety of part only, that is, for the ship only or cargo only, does not constitute general average and cannot be the subject of a contribution from all.
- (3) The sacrifices and expenses must be extraordinary, *i.e.*, they must not form part of the ordinary expenses necessarily incurred in the carrying out of the contract of affreightment.
- (4) The act of sacrifice or the expenditure must be reasonably made.

In consequence of the many differences which exist in the laws of the various countries engaged in maritime trade, on the subject of general average, an effort has been made on the part of the English and Foreign adjusters, shipowners, merchants and underwriters, to frame an international code of rules with the object of instituting a uniform system of general average. The result is a code known as the "York-Antwerp Rules," which have been widely adopted as one of the conditions of Charter Parties and Bills of Lading, and which usually form the subject of a special clause in the policy of insurance also, the clause reading as follows—

"General Average and Salvage Charges payable according to Foreign Custom or per York-Antwerp Rules, if in accordance with the contract of affreightment."

In the absence of any stipulation in the Charter Party or Bills of Lading regarding the basis for a general average adjustment, the law of the country in which the port of destination is situated, governs the adjustment. In the event of the voyage being broken

up at a port short of destination, the adjustment is governed by the law of the country in which that port is situated where the ship and cargo parted company. As examples of losses which are admitted as general average either in accordance with English law or York-Antwerp Rules the following may be cited—

Damage sustained by a steamer's engines when used to float her when ashore in a dangerous position.

Masts, spars, sails or rigging cut away for the common safety during a storm.

Anchors and chains slipped to avoid collision or stranding.

Damage done to a ship in the endeavour to extinguish a fire or to facilitate jettison.

Loss of cargo and the freight thereon due to jettison.

Damage done to cargo, which has not been on fire itself, by water used to extinguish a fire on board.

Expenses incurred in floating a stranded ship.

Wages and provisions of the master and crew during detention in a port of refuge.

Expenses incurred entering and leaving a port of refuge.

Damage done to cargo owing to a forced discharge, as when a ship is ashore and the cargo is discharged to lighten her.

Cost of salvage of ship and cargo when picked up at sea or salvaged under contract when ashore.

All the above items are general average sacrifices or expenditure, and in consequence must be contributed to by a proportionate payment by all the parties to the adventure because by such sacrifices or expenditure the whole adventure has derived some benefit when in danger. It must not be thought that only those interests which have not sustained loss or damage by a general average sacrifice contribute to the cost of making good such loss or damage.

On the contrary, the amount which has been made good has to pay its proper proportion towards the general average. The reason for this is that the owner of property which has been sacrificed must not be in a better position than those whose property has been saved.

To illustrate this point suppose a ship had a fire in her cargo during the voyage, to extinguish which a quantity of water had been used. Part of the cargo stowed in the same hold as the one in which the fire originated, but which had not been on fire itself, is damaged by the water poured on to the burning goods.

On arrival at destination the loss on the water-damaged portion is ascertained in exactly the same way as explained under Particular Average (page 451), *i.e.*, by sale or by assessment made by an expert. Suppose the value of the cargo damaged by water is £2,000, and that of the property saved £18,000, and the amount of damage sustained is 50 per cent., or £1,000, the amount to be made good in general average is therefore £1,000 apportioned as follows—

Value of cargo in damaged condition	£1,000			
Plus amount of water-damage made good in G. A.	£1,000			
		£2,000	pays G. A.	£100
Value of Cargo saved	8,000		" "	400
Value of ship	9,000		" "	450
Value of freight	1,000		" "	50
Total contributing value	£20,000		" "	£1,000

From the above example it will be seen that the owner of the water-damaged cargo receives £900 from the other contributories to the £1,000 made good in G.A. the balance of £100 being paid by himself.

The damage sustained by the cargo by fire is, of course, a particular average loss and for clearness has not been considered in the above explanation.

When a general average sacrifice or expenditure has been incurred, the shipowner is entitled to require from the consignees security for the payment which shall eventually be found due from each, and this security is usually in the form of an "Average Bond," a document wherein it is agreed that the shipowner will deliver to the consignees their cargo in consideration of their undertaking to pay the proper proportion of general average contribution when ascertained, and further, will furnish the shipowner with particulars of the values of their respective consignments to enable an adjustment to be prepared. The preparation of the general average adjustment is the work of a professional average adjuster, whose appointment is the duty of the shipowner. If the general average is of considerable amount or the expenditure very heavy, the shipowner may require a cash deposit from the consignees in addition to their signatures to the bond—such deposit is known as a "General Average Deposit," and is usually paid into a bank in the joint names of the shipowner and average adjuster, the receipt for which,

signed on behalf of the trustees of the "Trust Fund," is called a "General Average Deposit-Receipt." Of recent years the system of general average guarantees has been introduced in place of a cash deposit. The "Guarantee" is a document given to the shipowner by the consignees' Underwriters, wherein the eventual payment of the general average contribution as may be shown to be due, is guaranteed by the signatories in consideration of the shipowner delivering the cargo to the consignees without requiring from them a deposit.

There is also, as a rule, a clause in which it is agreed that a sum on account of general average will be paid, if and when the shipowner may require it to meet disbursements paid by him, such sums to be duly certified to by the Average Adjuster.

It is customary for Underwriters to refund to the consignees the amount of general average deposit, on surrender to them of the General Average Deposit Receipt. On completion of the General Average Statement, it may happen that the general average contribution due, is less than the deposit taken, consequently, the balance has to be refunded by the trustees to the holder of the General Average Deposit Receipt. The value on which the cargo contributes to general average, is its actual net arrived value at the port of destination, that is, its actual market value (taken, if sound, on the last day of landing) *less* all freight payable at destination, dock and town dues, brokerages, discounts, duties, etc., *plus* any amount which is made good in general average.

The contributory value of the ship is her actual worth to the owner at the port of destination. If the vessel is in a damaged state on arrival, her actual value in such a condition must be taken *plus* any part of the cost of repairing the damage as may be made good in general average. The freight contributes on the gross amount payable at destination less such port charges and crews' wages incurred in earning same subsequent to the General Average Act. The above valuations for contributory purposes are as between the consignees and the shipowner, consequently, as they are computed on a somewhat different basis from that employed in arriving at the insured value, there is almost always bound to be a discrepancy between the two. Therefore, in claiming a general average contribution from the Underwriter, the insured value must be regarded as the limit of the insurer's liability. In other words,

if the contributory value is more than the insured value, the Underwriter pays on the insured value, but if the contributory value is less than the insured value, the Underwriter pays on the contributory value. As illustrations of these points, the following examples are given—

- | | | |
|--|----|------------|
| 1.—Contributory Value of Goods, £500 pays G. A. contribution amounting | to | £25 |
| Insured Value £400 will pay in proportion | | <u>£20</u> |
| 2.—Contributory Value of Goods, £600 pays G. A. contribution amounting | to | £30 |
| Insured Value £800 will pay the same, i.e., | | <u>£30</u> |

As already stated when explaining "Jettison," the assured has a direct claim on the Underwriter for goods or ships' materials sacrificed, exactly as though he had a claim for particular average, except that a claim for a general average loss is unaffected by the conditions imposed by the memorandum or any other stipulation in regard to particular average. On settling the claim the Underwriter is subrogated to all the rights which the assured may have possessed, of recovery from third parties. This right of subrogation holds equally good in the settlement of a total loss or a particular average claim.

Thus if an Underwriter has paid a total loss on a ship he acquires a title to the subject-matter insured, and is therefore entitled to any sum which may be produced by the sale of the wreck.

In the event of the Underwriter paying for a partial loss, he is only subrogated to the rights of the assured to the extent of the loss paid. For example, if the Underwriter pays a claim for a general average loss, such as water-damage to cargo sustained during efforts made to extinguish a fire on board, and more is made good in general average than the assured recovered from his Underwriter, the Underwriter is only entitled to receive what has been made good to the extent of the loss originally paid by him to the assured.

In conclusion of this article on Marine Insurance, we reproduce the first clause of the "Institute Time" and "Institute Voyage" clauses, which, like the "Institute Warranties" (page 421), are reconsidered annually by the Institute of London Underwriters. They were originally framed with the idea of introducing a uniform policy for the insurance of ships on time and voyage.

"And it is further agreed that if the Ship hereby Insured shall come into collision with any other Ship or Vessel, and the Assured shall in consequence thereof become liable to pay, and shall pay by way of damages to any other person or persons any sum or sums not exceeding in respect of any one such collision the value of the Ship hereby Insured, this Company will pay the Assured such proportion of three-fourths of such sum or sums so paid as its subscription hereto bears to the value of the Ship hereby Insured, and in cases in which the liability of the Ship has been contested, or proceedings have been taken to limit liability, with the consent in writing of this Company, the Company will also pay a like proportion of three-fourths of the costs which the Assured shall thereby incur, or be compelled to pay; but when both Vessels are to blame, then unless the liability of the Owners of one or both of such Vessels becomes limited by law, claims under this clause shall be settled on the principle of cross-liabilities as if the Owners of each Vessel had been compelled to pay to the Owners of the other of such Vessels such one-half or other proportion of the latter's damages as may have been properly allowed in ascertaining the balance or sum payable by or to the Assured in consequence of such collision."

A word must be said in explanation of this important clause known as the "Institute Collision Clause." This clause covers the shipowner's liability to third parties for damage *done* by his vessel owing to collision with another ship. This risk is not covered in an ordinary Lloyd's policy on ship, but forms the subject of a separate contract over and above the contract of insurance itself. As a matter of fact, it is extremely unusual to find a ship policy without some form of the R. D. C. (Running Down Clause) or C.C. (Collision Clause) embodied in it, either attached to the policy or printed in the text. The Underwriter agrees to pay, up to the amount of his policy, to the Assured three-fourths of any sum the owner of the ship insured may have to pay to the owner of another vessel for damage caused by collision.

The Underwriter further agrees to reimburse the shipowner three-fourths of any legal costs which may be incurred should a defence be set up to the other vessel's claim for damages.

Sometimes the Underwriter agrees to a "four-fourths R. D. C." in place of three-fourths, that is, he agrees to pay his proportion of the whole sum the Assured may have to pay. Damage done to dock walls, piers, stages, etc., is not covered under the collision clause. The liability for damage done is not limited to one vessel only, thus if the vessel insured come into collision with another ship and caused the second to crash into a third vessel, the first vessel, if found to blame, is liable for the damage sustained by the other two. The clause then goes on to deal with the expenses incurred in "limiting liability." According to the Merchant Shipping Act, 1894, a shipowner whose vessel is found to blame for having caused loss of, or damage to, property and loss of life or personal injury,

may limit the extent of his liability. According to the Act the limit is as follows—

For loss of, or damage to property, £8 per ton of the vessels' tonnage.

„ „ or damage to property with loss of life, £15 per ton of the vessels' tonnage.

„ „ of life or personal injury, £15 per ton of the vessels' tonnage.

The shipowner must obtain the consent of the court before he can limit his liability, and such proceeding necessarily incurs costs.

When both vessels are to blame for the collision, according to law, each vessel must bear half of the damages sustained by the other, as for example—

A sustains damage to the extent of £600 and B to the extent of £400. Thus A is liable to B for £200 and B is liable to A for £300. This method of settlement is known as "cross liability," and the reason why the Underwriter agrees to such a basis being taken when adjusting a collision claim, is that the law only recognises a settlement made on the basis of "single liability," that is, instead of A being liable to B and B being liable to A, as we have illustrated, it has been held that where two vessels are in collision and each is to blame, there is a common or single liability for a mutual fault, the damages resulting therefrom being divided equally. Thus in the example given, B would pay A £100, or half the difference between the damages sustained by each vessel. As A would therefore have nothing to pay to B under a single liability settlement, A would have no claim on the Underwriter under the collision clause. To avoid such a state of affairs, the Underwriter agrees that the claim shall be settled on the basis of cross-liabilities, "as if the owners of each vessel had been compelled to pay," etc.

As a last word to the student, we would impress upon him that this article is but a mere outline of some of the chief points in Marine Insurance, many of interest being omitted owing to the exigency of space, and others as not being within the province of an elementary handbook.

If a further knowledge of the laws and practice of Marine Insurance is desired, there are many excellent text-books to be obtained on this intricate, but highly interesting subject, and to the study of such text-books we now leave the student.

QUESTIONS

1. Give a brief account of the history of Marine Insurance.
2. What part has Lloyd's played in the history of Marine Insurance ?
3. What is the chief Act of Parliament governing Marine Insurance ?
4. Marine Insurance is a Contract of Indemnity. What does this mean ?
5. If you give instructions to a broker to effect an insurance on goods shipped by a certain steamer, what steps would he (the broker) take to carry out your wishes ?
6. What are the stamp duties required on policies of Marine Insurance ?
7. Policies may be divided into several classes. Enumerate these, and state what each refers to.
8. In Marine Insurance there are certain implied warranties. Give the meaning of this term, and state what these implied warranties are.
9. Explain fully what is meant by Deviation, and give an example.
10. What is the difference (if any) between deviation and change of voyage ?
11. State fully the meaning of the term "Express Warranty." Is there any difference between a Warranty and a Representation ?
12. "A Merchant who effects an insurance must have an insurable interest in the goods insured." What does this mean ?
13. Give some examples of insurable interest
14. Explain the following terms which occur in a Marine Insurance policy: "Lost or not lost"; "At and from."
15. Give definitions of the following terms used in policies of Marine Insurance: Freight; Perils of the Seas; Fire; Jettison; Letters of Mart and Countermart; Barratry.
16. What was the reason for the introduction of the Clause known as the Memorandum ?
17. Mention some of the circumstances which, in accordance with the Marine Insurance Act of 1906, would render deviation justifiable.
18. What is the effect of the Waiver Clause in a Marine Insurance policy ?

19. What is the object of the Sue and Labour Clause in a Marine Insurance policy ?
20. The principle of Causa Proxima is strictly applied to a contract of Marine Insurance. Explain this.
21. What is stranding ?
22. What are the documents required by the underwriter in connection with a claim for total loss ?
23. Explain the difference between Actual Total Loss and Constructive Total Loss, and give an example of each.
24. State clearly the meaning of the terms " F.P.A. " and " W.P.A. "
25. When goods which have been insured arrive damaged, what steps should the assured take ?
26. Show, by an example, how a claim for Particular Average is adjusted.
27. From the following particulars, draw up a Statement of Particular Average : Sound value of goods, £326 ; Value in a damaged condition, £214 ; Insured value, £340 ; Charges in connection with survey, etc., £5.
28. Is there any difference in the adjustment of a Particular Average claim on a ship and a Particular Average claim on goods ?
29. State as fully as you can the meaning of General Average.
30. What is the effect of including in a policy of Marine Insurance the F.C. & S. Clause ?

CHAPTER XXVII

TELEGRAPHING AND CABLING

THE subject of telegraphing, and in particular so far as it relates to communication with foreign countries, is of such importance that no student of business methods can well afford to leave it out of his programme.

India, China, Japan, and the Far East generally, are the countries which, above all others, call for special consideration from the telegraph codist,

Firstly, by reason of the high charge made for transmission of cablegrams; and

Secondly, by the fact of the enormous amount of business done between these countries and our own, a great proportion of which is arranged by cable.

Telegraphic communications within the United Kingdom are known as Inland Telegrams; all other communications are known as Foreign or Colonial Telegrams, messages for places out of Europe being known as Extra European Telegrams.

Foreign telegrams should be very legibly written on the special forms provided. Each cable company uses its own special form, which is acceptable at any post office, and the postal authorities also supply forms for foreign telegrams. If the special form of a particular cable company is used, this is taken as sufficient indication of the route to be followed, but when sending the message on the post office form, the route should be indicated.

All telegrams are charged for at the rate of so much per word, and particulars of these rates may be found in the *Post Office Guide*.

Telegrams may be written in either plain language or code language. Plain language is that which offers an intelligible sense in one or several of the languages authorised for international telegraphic correspondence. The languages referred to are English, French, German, Italian, Spanish, Dutch, Portuguese and Latin.

By telegrams in plain language is understood those which are written *entirely* in plain language. Code language is that which is composed of words not forming intelligible phrases in one or more of the languages referred to above.

Cypher language is that which is formed (a) of Arabic figures,

of groups or series of Arabic figures having a secret meaning, or of letters, groups or series of letters having a secret meaning ; (b) of words, names, expressions, or combinations of letters not fulfilling the conditions of plain language or code language.

In messages in which the text is written entirely in plain language each ordinary word is counted at the rate of one word for each fifteen characters. In code language the maximum length of a word is fixed at ten characters. Words in plain language inserted in the text of a mixed message, that is, one composed of words in plain language and of words in code language, are counted at the rate of one word for ten characters, or a fraction thereof. If the mixed message contains, in addition, passages in cypher language, the passages in cypher are counted at the rate of one word per five characters or fraction thereof. If the mixed message is composed only of passages in plain language and of passages in cypher language, the passages in plain language are counted as plain language, and the passages in cypher language are counted as cypher language. Groups of figures or of letters are counted at the rate of one word for each five figures (or five letters) which they contain, plus one word for any excess.

The transmission of telegrams by cable is subject to International Service Regulations. These may be obtained on application at the offices of the various cable companies.

Among the codes in general use may be mentioned the A. B. C., Liebers, and A1. The code used by a firm is usually indicated at the head of its letter paper.

These codes consist of extensive alphabetical lists of key words, each word having a special meaning, and before writing out a telegram, the matter to be telegraphed should be written out in full, and then words should be selected from the code that will convey the correct meaning.

We give below a few extracts from the A. B. C. Code, 5th Edition.
Code Word.

- | | |
|-----------|--|
| ADMISERIS | . What is the probable date of arrival at port of loading ? |
| AFMIJNEN | . All claims for average to be settled in London, in conformity with the rules of Lloyd's. |
| CALITTRA | . Cargo is so scarce that lower rates will have to be accepted. |

FIATAVA.	. Freight to be paid on unloading and right delivery of the cargo.
GARACH .	. Goods temporarily stopped by Customs authorities.
INALBEBIT	. A lower class vessel will do if owners will pay the extra insurance.
LADYSHIP	. Lay days to commence from time of arrival in the roads notwithstanding custom of port to the contrary.
LATINED	. The merchants will not pay the lighterage.
OPPECTANT	. In order to save ship, cargo thrown overboard.
PACHMINA	. A great many packages are waiting shipment.
PASILARGA	. Policy of insurance will be sent by first post.
ULIVIGNO	. Give underwriters notice of abandonment.

In addition to the codes mentioned above many firms have private codes, the use of one of which is explained in the following pages.

Although the method here set forth is based on the piece goods trade, it may be readily made applicable to any class of business. Cotton piece goods are merely selected as giving a wider scope for the display of the possibilities of a good code.

During the last thirty years great advance has been made both as regards the provision of the vocabularies upon which to base the codes, and in the production of the private code to meet the requirements of the particular house for which the code may be intended.

It may here be necessary to state that a vocabulary in the sense of a telegraphic vocabulary, is a collection of words, or parts of words, with a number attached to each.

A complete word is, as a rule, made up of at least two parts, and in many cases of four, or even six parts.

When it is remembered that under given conditions *each* part of *each* word may be used in conjunction with, to an extent, every other part of a word, it will be readily understood that the total number of words possible is enormous, and vocabularies of one hundred thousand million words are not uncommon.

This vast number of words is, as a rule, placed before users in a very small compass, sometimes only a few sheets being required.

It is, of course, necessary, before compiling a telegraph code,

so to arrange your mode of business as to make it possible to apply the principles of telegraphing to the system in vogue.

Although this is dealt with in another part of the book, it is here necessary to explain some of the principles which must of necessity be adhered to in order to render it possible for a telegraph code to be successfully employed.

In the first place, in sending out patterns, or ranges of patterns, great care must be taken to attach some data, enabling prospective purchasers of the goods to cable an offer on them.

The best method to employ, in order to enable this to be done, is that each lot of patterns should be accompanied by price lists.

These price lists must be so made out that each pattern shall be specifically named, and where grey cloth is offered, in addition to the goods which the pattern is supposed to represent, full particulars must appear on the price list.

There should be a margin on the left-hand side of each price list reserved for what is known as a sample code number.

As soon as the price lists are made up, and all details attached, they should be passed to an official whose duty it is to record carefully the name of intended dealer, and to place in the left-hand margin before named, opposite each line of goods, a sample code number, carefully recording, in a book kept for this purpose, the number given and to whom.

This sample code number is solely intended for wiring purposes. In this chapter a four-figure number is illustrated for the reason that it gives a range of 9999 numbers.

A three-figure number would, of course, give only 999 available numbers, and in the case of a large house sending out hundreds of patterns each mail, such a range as the latter would soon be exhausted, and, as a consequence, it would be more expensive to refer to numbers out of a previous range than it would be if the number appeared in the range at that time in force.

When patterns and price lists reach their destination and the merchant has agreed with his different clients as to what code is to be used, he is ready for work.

We will now endeavour to give a brief outline as to what a private code is like, and how it must be worked. It is not possible here to give more than a cursory idea of the contents of a large and effective private code.

A few examples of the more important features should, however, suffice to give the student an idea of the methods adopted in compiling such a code, and its working.

First of all, it must be decided as to what vocabulary is to be used. The vocabularies at present on the market are legion, each, of course, claiming some distinct advantage over its fellows.

In our endeavour to be as up to date as possible, we shall base our private code on a vocabulary (which, for obvious reasons, must be nameless) which enables us to make use of twelve figures in one word.

It will, of course, be understood that in making up an offer, which it is intended to cable, the offer must in the first stage be represented by twelve figures which must be converted, by the aid of telegraph vocabulary, into a word of ten letters, this number being the maximum allowed by the cable authorities.

A private code is comprised of what are termed keys, each key being compiled with the idea of dealing with some particular branch of the wiring. The prefix or first figure of the offer indicates at once what is being wired about.

On the assumption that the initial wire would be despatched for the purpose of offering on a sample number, it is only natural that the first key in the private code should be taken up for this purpose and the prefix figure would therefore be 0.

In making up the word for despatch, therefore, the codist would proceed as follows—

Prefix 0.

Figures 2, 3, 4, 5, would be sample No.

„ 6, 7, 8, would give quantity and shipment.

„ 9, 10 would give price.

„ 11 and 12 would be check figures.

This is a key quite easy to make up, and the following scheme will be found effective and easy to work.

The first care must be to see that the prefix figure is correct.

000000000000/199999999999 12 Figures. 1 Figure Prefix.

To give a 4-Figure Sample Number, and quote, offer, and counter offer in one word.

Prefix 0 will be the 1st figure.

The 2nd to 5th figures will be the 4-Figure Sample Number.

The 6th, 7th and 8th figures will be Quantity and Shipment from Table shown below.

The 9th and 10th figures will be Price from Table on page 470.

The 11th and 12th figures will be Check.

QUANTITY TABLE

Add one of the following ciphers to the ciphers giving Shipment from table below.

040.	Blank	520.	12 packages
080.	Quantity as Indent	560.	14 "
120.	1 package	600.	15 "
160.	2 packages	640.	16 "
200.	3 "	680.	18 "
240.	4 "	720.	20 "
280.	5 "	760.	25 "
320.	6 "	800.	30 "
360.	7 "	840.	35 "
400.	8 "	880.	40 "
440.	9 "	920.	50 "
480.	10 "	960.	100 "

SHIPMENT TABLE

000.	Blank.
001.	Shipment as per Indent.
002.	" " soon as possible.
003.	" at once.
004.	" 2/3 weeks.
005.	Shipment this month.
006.	" " " and 1 following month.
007.	" " " " 2 " months.
008.	Shipment next month.
009.	" " " and 1 following month.
010.	" " " " 2 " months.
011.	" " " " 3 " "
012.	Shipment second month hence.
013.	" " " " and 1 following month.
014.	" " " " " 2 " months.
015.	" " " " " 3 " "
016.	Shipment third month hence.
017.	" " " " and 1 following month.
018.	" " " " " 2 " months.
019.	" " " " " 3 " "
020.	Shipment fourth month hence.
021.	" " " " and 1 following month.
022.	" " " " " 2 " months.
023.	" " " " " 3 " "
	Etc., etc.

This quantity and shipment table is worked on what is termed the addition system. This means that the figures opposite the shipment required must be added to the figures opposite to the quantity required.

For instance, taking August as the present month, the figures 580 would represent

020. Shipment, Fourth month hence = December.

560. Quantity, 14 cases or bales.

This quantity and shipment table can, of course, easily be made to suit the requirements of the business for which it is intended.

9th and 10th figures will give the price.

This price table should be made up on the following lines—

	A	B	C
	1	1	2
	d.	d.	d.
00.	—	—	—
01.	1	2-35/64	4-3/32
02.	1-1/64	2-9/16	4-7/64
03.	1-1/32	2-37/64	4-1/8
04.	1-3/64	2-19/32	4-9/64
05.	1-1/16	2-39/64	4-5/32
06.	1-5/64	2-5/8	4-11/64
07.	1-3/32	2-41/64	4-3/16
08.	1-7/64	2-21/32	4-13/64
09.	1-1/8	2-43/64	4-7/8
10.	1-9/64	2-11/16	4-15/64
11.	1-5/32	2-45/64	4-1/4
12.	1-11/64	2-23/32	4-17/64
13.	1-3/16	2-47/64	4-9/32
14.	1-13/64	2-3/4	4-19/64
15.	1-7/32	2-49/64	4-5/16
16.	1-15/64	2-25/32	4-21/64
17.	1-1/4	2-51/64	4-11/32
18.	1-17/64	2-13/16	4-23/64
19.	1-9/32	2-53/64	4-3/8
20.	1-19/64	2-27/32	4-25/64

This price table can be extended to ninety-nine downwards, and in the columns to right as far as necessary, and can, of course, be made up to suit the particular business in which it is used.

For the sake of argument we will take it that the price required is $1\frac{11}{32}$ d. per yard, hence 12 would represent price.

Assuming that the sample number is 1872 the offer so far would read
0187258012.

The last two figures now to be added would be the check figures.

Some firms risk a one-figure check; a two-figure is, however, considered advisable in the case of a twelve-figure word.

To arrive at the check, take the first ten figures of the word, place them under each other in two lines

01
87
25
80
12

and add up. 205

The last two figures of the addition will be the check figures, the figures for the complete offer, therefore, being

018725801205.

These figures are then translated into a word to be telegraphed.

The method of translating the figures into words depends on the vocabulary used, but the principle is as follows—

The figures are divided into groups, and each group is represented by a consonant and vowel according to a pre-arranged plan—*e.g.*, in the above, the 0 might be represented by BA, 1872 by DE, 580 by CO, 12 by SI, and 05 by FU; consequently the word would be
BADECOSIFU

As the person to whom this word is telegraphed is in possession of the same code, the task of decoding is very simple.

The following are some of the important submarine cables—

(i) *Atlantic (North)*, mainly British.

(a) S.W. of England, Cape Clear, Valentia Bay to Trinity Bay (Newfoundland) and Halifax. Halifax to New York and Boston, and the Bermudas.

(b) Brest to Miquelon.

(ii) *Atlantic (South)*.

(a) Lisbon to the Azores.

(b) Lisbon, Madeira, Cape Verde Islands to Pernambuco.

(c) Lisbon, Georgetown, Morant Point (Jamaica), Havana, and Cape Romano (Florida) are connected.

(d) Lisbon to Rio Janeiro and Buenos Ayres.

- (e) Lisbon, Canaries, St. Louis, Freetown, Lagos, Loango, Capetown.
- (f) Vera Cruz to San Antonio.
- (iii) *Mediterranean.*
 - (a) Cables with numerous offshoots run through the Mediterranean along the Northern coast of Africa, and down the Red Sea to Aden and on to Bombay.
 - (b) Madras to Singapore; Cochin China, Tong King, Hong-Kong, Shanghai, Japan, Vladivostok.
 - (c) Java to Broome and Port Darwin (overland telegraph to Adelaide and on to Sydney).
 - (d) Sydney to Wellington.
 - (e) Aden, Zanzibar, Mozambique, Lorenzo Marques, Durban.
 - (f) Zanzibar to the Seychelles and Mauritius.
- (iv) *Pacific.*
 - (a) Valparaiso with the ports to the north of it as far as Tehuantepec.
 - (b) Vancouver. Fanning Island, Fiji, Norfolk Island, Sydney, Auckland.
 - (c) San Francisco, Guam, Manilla (future cable).
 - (d) Hervey Bay (Queensland) to New Caledonia.
- (v) *Various.*
 - (a) North Sea—connection of British North Sea ports with those of Scandinavia, Denmark, Germany, and Russia (Newbiggin to Libau, thence to Shanghai, Hong-Kong, Singapore, and Port Darwin—this route is important).
 - (b) Connection of London with Lisbon.
 - (c) Odessa to Mediterranean system.

QUESTIONS

1. What do you understand by (a) Plain Language; (b) Code Language; (c) Cypher?
2. What means are adopted by merchants to reduce the cost of telegraphing to places abroad?
3. Give a short description of a private code and how it is used.
4. Name some of the important submarine cables.

CHAPTER XXVIII

CHANNELS OF COMMERCE

IN considering the chief commercial routes of the world, we shall deal first with those from England to the Continent of Europe, and with the railways linking up the principal centres on the Continent.

There are many important routes from England to the Continent, the most used being those to France.

1. From London the routes to France are—

(a) *To Calais*, by the South Eastern and Chatham Company's route. From London, this company's railway runs to Dover and from that place boats cross the channel to Calais, the "channel passage" occupying about an hour. Paris, 185 miles from Calais, is reached by the Northern Railway (Chemin de Fer du Nord) which runs *viâ* Amiens.

(b) *To Boulogne*. Another of the S.E. & C. Company's routes from London to France is by way of their railway to Folkestone, and thence by boat to Boulogne. From Boulogne the Northern Railway runs to Paris, also *viâ* Amiens.

(c) *To Dieppe*, by the London, Brighton and South Coast Company's route. From London, the L.B. & S.C. Railway runs to Newhaven, and from there the Company's boats sail to Dieppe.

(d) *To Havre*. (e) *To St. Malo*.

The London and South Western Railway Company's two routes are to Havre and St. Malo from Southampton, and from the former towns Paris is reached by the Western Railway (Chemin de Fer de l'Ouest).

There is also a route from Plymouth to Brest.

From Paris, some very well-known and important trans-Continental railways are open.

- (a) *To Marseilles.* The Mediterranean Express of the Paris-Lyons-Mediterranean Railway Company leaves the Gare-de-Lyon, Paris, running by way of Melun, Dijon and Macon, through Lyons, along the left bank of the Rhone by Valence, Avignon and Tarascon to Marseilles. This express also runs on eastwards communicating with Toulon, Cannes, Nice, Monaco, Mentone, Vintimille, San Remo and Genoa, whence it proceeds to Rome by way of Pisa and Leghorn.
- (b) *To Brindisi.* From Amiens, the P.O. Express passes through Paris, and proceeds by way of Dijon, Macon, Bourg, Chambery to Modane; and, having steamed through the Mont Cenis Tunnel, enters Italy at Susa, and soon reaches Turin. Thence the journey is continued by way of Piacenza, Bologna, Ancona and Foggia to Brindisi.
- (c) *To Vienna, Fiume, and Constantinople.* The Orient Express runs from Paris to Vienna and thence through to Constantinople. The railroad runs through the valley of the River Marne to Chalons, Nancy, Strasbourg, Stuttgart, Augsburg and Munich, and from there the train passes through the valley of the Danube to Vienna. From Vienna, it maintains its course in the plain of the Danube to Budapesth, where it crosses the river; thence through Belgrade, Sophia and Philippopolis it reaches the Turkish frontier and completes the journey to Constantinople by way of Adrianople.
- (d) *To Madrid and Lisbon.* The Sud Express leaves Paris, and passing through Orleans, Tours and Poitiers reaches Bordeaux. Thence the journey is continued *via* Bayonne and Irun, through Vittoria and Valladolid, to Madrid. From Madrid, Lisbon is reached by way of Talavera and Valencia d'Alcantara. From Madrid, lines also run to Cartagena, Gibraltar, Seville and Cadiz.

2. To the North of Europe, the quickest way is to travel from London by the Great Northern Railway to Hull, whence the steamers of the Wilson line cross the North Sea to Norway, or any of the Baltic ports.

3. To the "Low Countries," the following are the routes from England—

- (a) *To Flushing.* Flushing is reached from London by way of the South Eastern and Chatham Railway to Queenborough, and thence by the Zeeland Steamship Company's boats to Flushing, at the mouth of the Scheldt. This is the morning boat only. The evening boat runs from Folkestone.
- (b) *To Ostend.* From Dover, which is reached from London by the S.E. & C. Railway, the Belgian Government steamers cross to Ostend.
- (c) *To Antwerp, Rotterdam, or the Hook of Holland.* The Great Eastern Railway Company's line runs from London to Harwich, and from that place the same company's steamers cross to Antwerp, Rotterdam and to the Hook of Holland.

Having Berlin and Brussels as its centres, an important series of railways radiates from the "Low Country" towns above mentioned. The following are the chief routes—

(a) *To Berlin.* From Calais or Ostend, railway lines run to Brussels, and from there a line communicates with Berlin, passing through Liège, Herbesthal, Cologne, Hanover, and Stendal. Berlin is connected with Flushing by a railway *via* Hanover Munster, Gosh and Roosendaal; and with the Hook of Holland or Amsterdam, by way of Osnabruck, Zutphen and Utrecht.

(b) *To Hamburg, Copenhagen, etc.* From Brussels a route to Hamburg, Copenhagen, Stockholm, and other important commercial centres is: Herbesthal, Cologne, Munster, Osnabruck, Bremen, Hamburg, Kiel, steamer to Kōrsov, then rail to Copenhagen, boat to Malmö, and rail again to Stockholm.

(c) *To Petrograd.* An important line is that connecting Ostend with Petrograd, the Russian capital. This route passes through Brussels, Cologne, Hanover to Berlin. From the German capital, the train proceeds across the plains of Prussia to Königsberg, and, after passing the Russian frontier, the railway crosses the River Niemen and runs to Wilna. From there the line runs across the forests of western Russia on to Petrograd.

(d) *To Moscow.* The traveller bound for Moscow follows a different route from Berlin, proceeding past Bromberg and Alexandrovo

to Warsaw, and then over the level plains of Russia, through Smolensk, to Moscow.

(e) *To Vladivostok, Japan, etc.* From Moscow, a line runs through Riajsk, Tamara, Kourgan, Bogotol, Manchuria, and Harbin to Vladivostok. The Trans-Siberian Railway connects Petrograd on the Baltic, with Vladivostok, on the Pacific, and is the longest line of railway in the world. From Vladivostok, steamers go to Nagasaki and other towns in Japan. A branch of the Siberian railway turns south from Harbin, and passes through Mukden, proceeding to Pekin.

(f) *To Amsterdam, Rotterdam, etc.* A network of Dutch railways forms connections, on the south with Belgium, and on the east with Germany, linking up Flushing, Roosendaal, Rotterdam, Hook of Holland, the Hague, Utrecht, Amsterdam, Haarlem, and many other important commercial centres.

(g) *German Railways.* No other country of continental Europe has so extensive a system of railways as Germany, lines running in all directions from Frankfurt and Berlin.

The distances by rail between some important towns on the Continent of Europe are given below—

Calais to Paris	185 miles.
„ „ Brindisi	1,435 „
„ „ Marseilles	800 „
Paris to Lisbon	1,176 „
„ „ Marseilles	615 „
„ „ Naples	1,090 „
„ „ Brindisi	1,250 „
„ „ Vienna	862 „
Ostend to Vienna	816 „
Vienna to Constantinople ..	1,054 „
Flushing to Berlin	493 „
Hamburg to Berlin	177 „
Hook of Holland to Berlin ..	446 „
Berlin to Petrograd	983 „
Berlin to Vienna	442 „

Dealing next with the busy ocean trade routes, one of the most important is the NORTH ATLANTIC ROUTE which links up Western Europe with Eastern North America, Liverpool, Glasgow, Southampton, London, Avonmouth, Hamburg, Bremen, Amsterdam

with Montreal, Halifax, Boston, New York and other places.

Most of the chief ports on the west coast of North America above mentioned, are connected by rail with those on the east, so that a very considerable amount of trade is carried on over this route.

From Liverpool to New York the journey is accomplished by the fastest mail steamers in about six days. The principal steamship lines using the North Atlantic Route are the following—

1. *The Cunard*. Liverpool to Boston and New York.
2. *White Star*. Southampton to New York; Liverpool to New York; Liverpool to Boston; Liverpool to Quebec and Montreal.
3. *International Mercantile Marine*. This is a large combination of steamship companies, including the

Dominion Line. Liverpool to Quebec and Montreal (in the summer, when the St. Lawrence is navigable); Liverpool to Halifax and Portland (winter); Avonmouth to Quebec and Montreal or Halifax and Portland.

Red Star Line. Antwerp to Dover, Dover to New York; Antwerp to Boston and Philadelphia; Antwerp to Baltimore.

Leyland Line. Liverpool to Boston. Liners also carry cargo from London and Manchester to Boston, and from Antwerp to Montreal.

American Line. Southampton to New York. Liverpool to Philadelphia.

Atlantic Transport Company. London to Baltimore, Philadelphia and New York.

4. *North German Lloyd*. Bremen to New York, calling at Southampton and Cherbourg.

5. *Canadian Pacific Line*. Liverpool to Quebec and Montreal.

6. *The Allan Line*. Liverpool to Quebec and Montreal, St. John's and Halifax; London to Quebec and Montreal; Glasgow to Quebec and Montreal, Boston, New York and Philadelphia.

7. *Anchor Line*. Glasgow to Boston, New York and Philadelphia.

8. *Hamburg American Line*. Hamburg, Southampton to New York; Hamburg to New York, calling at Boulogne and Plymouth; Hamburg to Montreal, Halifax, Boston, Philadelphia and other places.

From New York, the great commercial centre of the United

States, four important trunk lines of railway branch out, connecting the city with the great producing regions and commercial districts of the west. In Canada, the two chief railway lines are the Canadian Pacific and the Grand Trunk, the former stretching across the entire continent from Montreal to Vancouver City, and the latter supplying the means of communication between Quebec, Montreal, Toronto, Niagara, and all the principal towns in the provinces of Quebec and Ontario. From Vancouver, liners communicate with Yokohama, Kobe, Nagasaki, Shanghai, and Hong-Kong.

THE MEDITERRANEAN (ASIATIC) ROUTE.—This route passes along the coast of Portugal, through the Straits of Gibraltar, across the Mediterranean to Port Said, and through the Suez Canal and the Red Sea, thence out into the Arabian Sea and Indian Ocean. One branch goes to Bombay, and others communicate with Colombo, Madras, Calcutta, Penang, Singapore, Hong-Kong, Shanghai, Yokohama and across the Indian Ocean, with the Australian ports of Fremantle, Adelaide, Melbourne and Sydney. Then there are a number of connecting routes, one linking up with Hobart, Auckland, Wellington, Dunedin and Christchurch, and another giving access to Mombasa, Zanzibar, Mozambique, Delagoa Bay, Durban, East London and Capetown.

The principal steamship lines using the Mediterranean (Asiatic) Route are:—

1. *Peninsular and Oriental (P. & O.)*. London to (a) Fremantle, Adelaide, Melbourne and Sydney; (b) Singapore and the Far East; (c) Bombay, Colombo and Calcutta. The P. & O. Mail Steamers sail from the Royal Albert Docks, London, through the Suez Canal, for their various destinations, touching at Gibraltar, Malta and Brindisi *en route*.
2. *Orient Royal Mail*. London and Plymouth to Colombo, Fremantle, Adelaide, Melbourne, Sydney and Brisbane, calling at Gibraltar, Marseilles and Naples.
3. *Bibby*. Liverpool to Egypt, Colombo and Rangoon.
4. *North German Lloyd*. Southampton to Colombo, Rangoon, Straits, China and Japan.
5. *Anchor*. Liverpool to Egypt, Bombay, Calcutta.
6. *Queensland*. London to Queensland, Brisbane, etc.
7. *German East African Line*. Hamburg, Rotterdam and Southampton to Capetown, calling at the East African ports.

8. *Nederland Royal Mail*. Southampton to Colombo, Singapore and Japan.

The Suez Canal route to Australasia is generally avoided by travellers during the summer months, as the Red Sea is then so very hot. There are two alternative routes—one round by the Cape of Good Hope and the other across the Atlantic Ocean to Canada, then by the Canadian Pacific Railway to the east coast, reaching Australia by the Canadian Australian line of steamships.

THE SOUTH AFRICAN TRUNK ROUTE.—This route is used largely by freight vessels from the ports of Western Europe and Eastern North America. These two streams of traffic unite near Cape Verde Islands. The principal lines using this route are the—

1. *Peninsular and Oriental*. London to Las Palmas, Capetown and Durban; also proceeding to Australia, Tasmania and New Zealand.

2. *White Star*. Liverpool to Capetown and onward to Australia.

3. *Shaw, Savile and Albion*. London and Plymouth to Teneriffe, Capetown, New Zealand and Australia.

4. *New Zealand Shipping Company*. The vessels sail from London, and proceed southward, calling at Teneriffe and sometimes at either Ascension or St. Helena, and so reach the Cape of Good Hope. Leaving the Cape, the vessels take the long sea voyage to New Zealand and Australian ports. The journey back to England generally takes a different route from the one just mentioned, running by way of Cape Horn, Monte Video and Teneriffe to Plymouth or London.

5. *Union Castle*. London and Southampton to various South and East African ports, calling at Madeira, Capetown, Port Elizabeth, East London, Port Natal, and northward to Beira, Mozambique, Zanzibar, Tonga and Mombasa. The steamships of this line leave the East India Dock Basin, at Blackwall, London, and, after calling at Southampton, turn southward and steam outside the Bay of Biscay into the Atlantic Ocean, passing between the Azores and the Canaries, along the north-west coast of Africa, and so on to Capetown.

THE SOUTH AMERICAN TRUNK ROUTE.—This route is used by vessels trading with the Eastern ports of South America and the

Western ports of America. It will probably be greatly affected by the future Panama Canal, which will cut down the distance between London and San Francisco by about 6,000 miles, and that between New York and San Francisco by 9,000 miles.

The principal steamship lines using this route are—

The Ocean Steamship, Northern Pacific, Pacific Steam Navigation, and the Royal Mail Steam Packet Company. Important ports of call are Pernambuco, Rio de Janeiro and Monte Video on the east coast of South America, and Valparaiso, Callao, and Guayaquil on the west. On leaving the eastern ports, these steamships generally go across the Pacific to the Asiatic and Australian ports, returning home by way of either the Suez Canal or the Cape.

THE "AMERICAN MEDITERRANEAN" ROUTE.—This route is used in the Indian and Central American trade. The steamship lines are—

The Leyland. From Liverpool to St. Thomas and Colon in the West Indies, connecting up with Kingston, Jamaica, and the ports on the Mexican coast.

Hamburg American. From Hamburg to Southampton, then calling at several French and Spanish ports, and on to Havana.

Elder and Fyffe. From Bristol and Manchester to Jamaica and United States ports.

Royal Mail. From Southampton to Barbados, connecting with British Guiana and also with other ports on the Caribbean Sea and Gulf of Mexico.

THE PACIFIC ROUTES.—These are the routes used in the great and increasing trade with the ports of Western America, Eastern Asia and Australasia. The lines using this route are the *Canadian-Australian, Oceanic Steamship, Nippon Yusen Kaisha, Pacific Mail, and Pacific Coast.*

The most important ports connected are—

Vancouver and Victoria with Yokohama.

San Francisco with Yokohama.

Honolulu with Yokohama.

San Francisco and Shanghai.

San Francisco with Hong Kong, Manila and Singapore.

Honolulu with Luva (Fiji) and Sydney (West Australia).

Honolulu with Auckland (New Zealand).

Panama with Sydney, and Wellington.

The Pacific trade with China and Japan is monopolised by San Francisco, which is in railway communication with all parts of the United States.

SHIP CANALS.—There are several ship canals which are very important channels of commerce, notably the following—

1. *Suez Canal*, from Port Said to Suez, a distance of 100 miles. By using this canal instead of the Cape route, ships save 1,100 miles of the journey to Australia.

2. *Panama Canal*. This canal cuts through the Panama Isthmus, from Colon to Panama, a distance of just over 40 miles. It was completed in 1913, and was opened for traffic on 15th August, 1914.

3. *Kaiser Wilhelm Canal*, from Kiel to Brunsbüttel—61 miles.

4. *Manchester Ship Canal*, which has converted that city into a port, runs from Eastham to Manchester, a distance of over 35 miles.

5. *Corinth Canal*, 4 miles long.

6. *Dutch Canal*, from Ymuiden to Amsterdam (16 miles), is of considerable commercial advantage to Amsterdam.

7. *Georgian Bay Canal*, at present under construction, will connect Montreal to French River.

8. *Caledonian Canal*, stretches from Inverness to Fort William (60 miles), and so unites the North Sea with the Atlantic Ocean. It is largely used by fishing fleets, which so avoid the dangers of rounding the North of Scotland by Pentland Firth.

Other important canals are the Forth and Clyde, Crinan, Lancaster, Leeds and Liverpool, Shropshire Union, Trent and Mersey, Grand Trunk and Grand Junction, Bridgewater, and the Thames to Severn Canal.

The distances by sea between some of the more important commercial centres of the world are—

Liverpool to New York	..	..	3,043 miles.
„ „ Montreal	..	..	2,833 „
„ „ Rio de Janeiro	..	..	5,671 „
Southampton to New York	..	..	3,091 „
„ „ Buenos Ayres	..	..	6,319 „
London to Sydney <i>viâ</i> Suez	..	..	12,555 „
„ „ Yokohama <i>viâ</i> Suez	..	..	11,914 „
„ „ Calcutta <i>viâ</i> Suez	..	..	7,973 „
„ „ Hobart <i>viâ</i> Cape	..	..	11,900 „
„ „ Wellington <i>viâ</i> Cape	..	..	13,178 „

By railway, the distance from

Bombay to Calcutta is	..	..	*1,221 miles.
Halifax to Vancouver	..	..	3,656 "
Montreal „ „	..	..	2,898 "
„ „ Chicago	..	..	842 "
Winnipeg to Vancouver	..	..	1,484 "
New York to Montreal	..	..	383 "
„ „ „ San Francisco	..	..	3,100 "
San Francisco to Chicago..	..	..	2,283 "
„ „ „ New Orleans	..	..	2,487 "
Buenos Ayres to Valparaiso	..	..	888 "
Pretoria to Capetown	..	..	1,041 "
„ „ Durban	..	..	513 "
Sydney to Melbourne	..	..	582 "
„ „ Brisbane	..	..	725 "

QUESTIONS

1. State what you know of the principal routes from London to France.
2. What important railways run from Paris ? Describe fully any journey which may be taken from Paris, naming the principal towns passed through.
3. Mention some important steamship lines using the North Atlantic Route, with the principal ports connected.
4. To what countries do the following lines of steamers convey passengers and cargo ?—
(a) Cunard ; (b) P. and O. ; (c) Orient Royal Mail ; (d) Union Castle ; (e) White Star.
5. Describe the route from London to Sydney *viâ* the Suez Canal.
6. What do you know of the important ship canals ?

CHAPTER XXIX

EXPORTING

IN this chapter a description is given of the general methods employed in the conduct of export business, and for convenience, the purchasing, selling and shipping of piece, *i.e.* (Cotton) goods will for the most part, be considered, though the reader will understand that the general principles are the same no matter what class of goods is being shipped. Manchester is the centre mainly devoted to the shipping of piece goods, although, of course, London, Glasgow and other places take their share of the enormous volume of trade carried on between the British Isles and practically every portion of the civilised world.

Although a few of the large shipping houses confine themselves to one branch only of this huge trade, many of the houses, in addition to the shipping of greys, whites, prints, dyed and fancy goods, also deal in woollens or Yorkshire goods, machinery, hardware, etc. All these different departments are, however, worked on the same lines, the only difference being that where risks are greater the margin of profit must be larger in order to provide for allowances which have to be made, and which are not unusual.

Each of the departments is usually controlled by a head man who is termed a "Buyer," and whose duty it is first to find the trade, and when the trade is found, to purchase the goods on such terms as will, when the transaction is completed, cover all charges, working expenses, etc., and leave something over with which to pay a dividend at the end of the year.

In endeavouring to obtain a share of the world's trade these buyers must know their markets, and great care must be used in sampling each market with suitable goods, as vast sums of money are wasted every season through indiscriminate sampling. Moreover, dealers are more impressed with a small and neatly got-up range of patterns of goods suitable for their particular market, than they would be with a more extensive range which must of necessity include a large percentage of material of no interest to them.

It may here be stated that whereas some firms undertake trade in their own particular line in all parts of the world, others specialise, that is, they devote the whole of their time and attention to a

particular market. The latter method is becoming more and more general, and in fact many of the bigger houses have their premises divided into sections, as for instance, India Section, China Section, South American Section, and the men engaged in each department have nothing to do with any other branch.

SAMPLING.—A short description of the methods adopted by a merchant in sampling the trade is now given, and in order to make the matter clearer, the reader should keep in mind that when the term "Merchant" is used it refers to the shipper in this country, and the term "Dealer" is used when speaking of the customer abroad.

As previously stated, a thorough knowledge of what is required by the particular market is most essential. With the knowledge available, the merchant proceeds to get up a range of patterns for submission to the prospective customer. The merchant, or his buyer, has probably some indication of what is required in the shape of patterns received from abroad, and if so, he must look round and endeavour to find the actual maker, and see if the manufacturer is willing to give him samples of the particular cloth. The maker may, of course, say that for this particular cloth he is confined for this market to a competitor, A.B. In this case, the merchant, being determined to make a bid for the trade, must make an analysis of the cloth and get some other maker to support him by making a sample piece in imitation. When this is successfully done, the patterns are prepared and mounted, and it is time to go into the question of prices.

CALCULATING PRICES.—The buyer or manager of the department so far merely knows what the cost price of the cloth is. He has now to consider the market for which the goods are intended, and what charges must be added. The work of calculating these charges is usually done by a clerk who is thoroughly acquainted with the various methods of charging. In the present case, we will assume that what is known as a C.I.F. quotation is required, to obtain which the buyer gives the clerk particulars of the cloth, cost price, number of pieces per case, outside measurements of case, port of delivery, and the name of the prospective customer. The clerk then works out a C.I.F., and informs the buyer the amount he must add to his cost price to cover all casing or baling charges, discounts, commissions, freights, etc.

An ordinary C.I.F. would be worked out as follows—

	£	s.	d.
White Twills, 150 pcs. 27" x 18 yds. @			
2/5½ per pce.	18	8	9
Case		9	6
Patterns			5
Freight		4	9
Bill of lading			6
Insurance		1	3
	<hr/>		
	19	5	2
Commission @ 7½ %	1	8	11
	<hr/>		
	20	14	1
Less discount, 2½ % on £18 8s. 9d. ..		9	2
	<hr/>		
	150)20	4	11(2s. 8·4d

Divide £20 4s. 11d. by 150, i.e., no. of pieces. The price per piece C.I.F. 2s. 8·4d.

As soon as this price is ascertained, a price list can be made out and despatched along with patterns.

On the C. & F. Basis, the price per piece would work out—

Cost of Goods	£18	8	9
Case		9	6
Patterns			5
Freight		4	9
Bill of Lading			6
Commission	1	8	11
	<hr/>		
	20	12	10
Discount		9	2
	<hr/>		
	150)20	3	8(2s. 8·29d.

The price F.O.B. would be calculated as follows—

Cost of Goods	£18	8	9
Case		9	6
Patterns			5
Commission	1	8	6
	<hr/>		
	20	7	2
Discount		9	2
	<hr/>		
	150)19	18	0(2s. 7·84d.

The various terms on which goods are sold are given in Chapter IX, but in order to show the methods of working, we give on next page several examples showing how calculations for charges are arrived at. It must be understood, of course, that these calculations

refer to charges only, and that the prices of the goods themselves must be added.

F.O.B., 5 Cases Flannelettes to Talcahuano (Chili),

6,128 yards.

5 Cases, ea. 20 trusses of 6 pcs. = 120 pcs.

Packing	£3 11 0
Carriage to Liverpool and Shipping Charge	14 6
Pattern Cards (and cloth for patterns)	1 3 9
Tickets	1 3

F.O.B. = $\frac{7}{32}$ d. p. yd.

£5 10 6

C. & F., 5 Bales Quilts to Rangoon.

Each 120 = 600 Quilts in parcels of 6 Quilts.

Freight @ 40d. and 10 %	3 1 5
Shipping Charge	5 0
Packing	1 16 3
Tickets	9 0

C. & F. = $2\frac{3}{16}$ d. p. Quilt.

£5 11 8

C.I.F., 5 Bales Grey Shirtings to Djibouti.

Ea. 20 pcs. = 100 pcs.

Carriage and Freight	13 2
Shipping Charge	1 3
Packing	1 0 5
Insurance	3 6
Stamping and Stitching	1 9
Patterns	1 0

C.I.F. = 5d. p. pce.

£2 1 1

INDENTS.—Another method of obtaining business, and one which is often adopted, is for a traveller, say in India. to get some dealer who is interested in his patterns to give him (the traveller) what is known as an Indent, which practically means a firm offer to send home, for reply by wire or mail. The Indent form is duly signed by the dealer and gives all particulars regarding dimensions, quality, make-up, shipment required, etc., and states the price which the dealer is willing to pay. On the arrival in this country of the Indent, the merchant obtains from the makers prices for the goods particularised on the Indent. If the goods have to undergo any process, the merchant obtains from the bleacher, dyer, or printer, as the case may be, the price at which this work can be done, and having gathered all his particulars together, and by calculation arrived at the price required for the cloth, he will, in the event of his being able to accept the price offered, wire acceptance of the

order. Much more frequently, however, it is necessary to counter-offer, owing to the price stated on the Indent being one that is not at all likely to be accepted. As a matter of fact, the offer frequently passes over the wires three or four times before the order finds its way into the order book.

An Indent Form is usually worded as follows—

Indent No. 0747

BOMBAY, 22nd Dec., 19

Messrs. Campbell & Co.

BOMBAY

DEAR SIRS,

I/We the undersigned hereby authorise you to forward the following indent to MESSRS. ELLIS, BOWDEN & Co., Merchants, Manchester (they always being treated by me/us as selling merchants and principals and not as agents), upon the terms herein stated.

In case of any dispute as to inferiority of quality, time of delivery or otherwise, the same is to be referred to the arbitration of two Surveyors (one to be chosen by each party) and if these cannot agree, that of an umpire, the decision so arrived at to be final and the expenses of survey to be paid by the losing party. Should the allowance so granted be equal or less than that which you may have offered me/us amicably previous to the survey, the fees are to be paid by me/us.

All claims and disputes respecting the goods to be made and settled within one month after their arrival, failing which the same are to be considered withdrawn.

Payment for the goods at the rates mentioned below to be made by me/us in cash at the current rate of exchange of the day on London or by approved demand bills on London and delivery of the goods to be taken immediately on arrival of steamer, failing which you are at liberty at any time thereafter without notice to me/us to dispose of them by public auction, private sale or otherwise and recover from me/us any loss that may arise upon such resale and I/we bind myself/ourselves to make such loss good to you with interest up to date of settlement. In the event of said goods not being paid for and removed by me/us as aforesaid, they will be at my/our risk, and no claim for damage of any kind or inferiority of quality to sample shall be subsequently made by me/us or allowed by you or your Manchester firm.

I/We agree to pay interest at the rate of 6 % on Sterling Account for the first four months, after which the rate is to be increased to and on Rupee Account I/we agree to pay interest at the rate of 9 %.

I/We buy the goods on F.B.H. terms, i.e., goods delivered on board the steamer in Bombay Harbour, and I/we authorise you to land and warehouse the same for my/our account, I/we being responsible for Import Duty, Landing Charges, Dock Dues, Warehouse Rent and incidental expense.

The date of delivery in Manchester to count as shipment, but a week's delay in shipment not to cancel the Contract. In case the goods are shipped prior to the date agreed upon I/we agree to accept the shipments with a corresponding extension of delivery if required or allowance of interest at 5 % per annum for the period the goods are shipped prior to the time stipulated. The goods to be shipped by steamer or steamers under Contract with the Native Piece Goods Dealers Association, and each shipment to be considered a separate contract.

In case of any accidents, unforeseen events or strikes happening, or your inability to obtain the goods or any portion thereof, or of the goods being lost by the perils of the sea or otherwise, I/we hold you free from any responsibility for non-delivery of the goods. I/we also hold you harmless of the consequences arising out of any mistake or omission in transmitting this order by telegraph.

If stamping, ticketing, design, printing, assortment, or any other necessary instructions should not be submitted in time to enable you to ship as stipulated, or if they should prove objectionable, wholly or partly, you are authorised to use your own discretion as regards any or all of same.

In case of war, threatened war, or when you deem it expedient or necessary, you have the right to insure against War Risk on my/our account, and I/we agree to defray all extra charges incurred.

Any writing in vernacular except the signature of my/our name is not binding on you.

This order to remain in force for 8 days after receipt

Shipment in January

Quantity 5 Bales each contg. 50 pcs. White Shirtings Cases

Width 34" Length 40 yds.

Quality	{	-----
Finish		Same as s/5046 Code A/5064
and		-----
Work.		-----
Designs-----		
Heading <i>printed</i> -----		
Borders-----		
Make-up	{	5 e. paper parcels-----
Fold		-----
Ticket	{	-----
Stamping,		to follow-----
etc.		-----

Price 7s. per pce. F.B.H. less 2 %-----		

Wired for in T. No.-----Accepted in T. No. Jamsetjee & Boola-----		
Remarks-----		

The Indent, it will be observed, gives all particulars of the goods required. If, as a result of letters by mail, or, as is more frequently the case, the order is eventually booked by wire, then the dealer, or the agent or manager on the other side usually sends a further Indent giving all details and particulars of the goods, as well as the prices at which the goods have been purchased. This Indent is signed by the purchaser, and is usually termed a "Confirmatory Indent." These Indents should be carefully filed away, as they form the basis for wiring further prices.

Sometimes the Indent is forwarded direct by the foreign buyer to the merchant in this country without the intervention of a traveller.

Let us suppose that the following Indent is received by the home buyer and see how he would deal with it.

					s.	d.	
500	32"	25	yds. Striped Flannelettes, plain		3	$\frac{3}{4}$	per yard
200	28"	40	" " " "		2	$\frac{7}{8}$	" "
200	28"	40	" " " " Twill		2	$\frac{7}{8}$	" "
50	42"	70	" Black Cashmere		9	$\frac{1}{4}$	" "
50	42"	70	" " " "		11	$\frac{1}{4}$	" "
1,000	31"	12	" White Nainsook..	2	6		" piece
1,000	31"	12	" Coloured " ..	2	6		" "
200	36"	12	" White " ..	4	0		" "
200	36"	12	" Pink " ..	4	0		" "

On receipt of this Indent the buyer would obtain from the various makers their prices for the goods, and the time required for their delivery, and on receipt of these particulars he would place his order with the firm offering the best terms. In the case of proprietary goods, *e.g.*, Sunlight Soap, Bovril, Colman's Mustard, etc., there is no question of obtaining competing prices, but the order will have to be placed with the particular firm whose goods are specified. Heavy goods, such as iron girders, boilers, etc., are usually bought from catalogues, as it is of course impossible to obtain samples of this class of merchandise.

As another example, suppose that an Indent is received for a quantity of shawls for shipment say to South Africa, and that four firms, Scotch, Lancashire, German and Italian are submitting prices and samples, and that these prices and quality of the goods are equal. Before deciding where to place the order, consideration must be given to the various trade and cash discounts, cost of carriage to the docks at, say, Glasgow, Birkenhead, Hamburg or Genoa; whether the prices quoted are for goods F.O.B., or F.A.S., or free to docks only. It would also be necessary to consider whether a C.I.F. quotation would work out cheaper than F.O.B. plus the cost of freight, the chief aim being, other things being equal, to buy in the cheapest market.

STATUS ENQUIRIES—Before business is booked with any foreign house it is necessary that the strictest enquiries should be made as to the financial standing of the house. It is usual for a firm or a dealer when approaching a merchant with a view to opening an account, to give the name of one or two banks through which enquiries may be made. At least one such bank should be known to the merchant and should be one in which he has the utmost

confidence. Referring to this question of finance, the dealer, who approached the merchant with a view to business, would write somewhat as follows—

BOMBAY,
21st Dec., 19..

Dear Sirs,

We shall be pleased if you will kindly inform us whether your firm is fully represented in this market. If not, we shall be pleased if you will forward to us patterns of the various cloths which you consider are suitable for this market, together with your lowest quotations and best delivery dates.

We may state that we have been for many years importing all classes of Manchester goods, and feel sure that if you decide to entrust your business to us it will result in our mutual benefit.

In the event of your deciding to trade with us, you may apply to the following banks for any information as to our respectability and financial soundness.

Waiting your favourable reply,

We are, Yours faithfully,

To which the merchant would reply—

MANCHESTER,
Jan., 19..

Dear Sirs,

We are much obliged by your favour of 21st Dec. last, and after due consideration have decided to try and do business with your firm, in the event of enquiries regarding your financial standing being to our satisfaction.

We have given all our departments instructions to sample you freely with any patterns which they think may be of interest to you.

You may rely upon it that we shall give you the fullest possible support, and we trust that these negotiations will result in an extensive and profitable trade being done for our mutual benefit.

Yours faithfully,

Should the merchant decide to make business arrangements with the dealer or firm, he would ascertain the financial standing as well as the moral reputation of the firm, namely, the reputation for carrying out business obligations in an honest, straightforward, and businesslike manner.

The merchant would address the bank in something like the following manner—

MANCHESTER,
Jan., 19..

Dear Sirs,

We have been approached by _____ with a view to entering into business relations with us for their market.

They refer us to your goodselves for information as to their financial standing, etc.

We shall esteem it a favour if you will kindly inform us (in confidence) whether they are a firm with whom you could recommend us to open up a business ; whether they are sound financially, and whether they have a reputation for honourably carrying out their obligations.

Thanking you in anticipation and always at your service in a similar capacity,

We beg to remain,
Dear Sirs,
Yours very faithfully,

To which the bank would reply—

LONDON,
Jan., 19..

Dear Sirs,

In reply to your favour of _____, we have known Messrs. _____ for many years.

Their financial position is quite sound and they have always enjoyed a reputation for carrying out their obligations in a straightforward and honourable manner.

Yours faithfully,

The report being satisfactory, a letter would be written by the merchant to the dealer expressing his willingness to enter into business relations.

CONTRACTS.—As soon as the dealer offers a price which the merchant can accept, a contract has to be arranged with the manufacturers of the cloth. The buyer in the employ of the merchant will meet on the Exchange the salesman employed by the manufacturer, and they will decide upon a price to be paid for the cloth.

The buyer will then make out a Contract Note which will be sent to the manufacturer for acceptance.

MANCHESTER,
15th Jan., 19..

Messrs. DICKINSON & BROWN.

We have this day purchased from you the undernoted goods.
Please invoice for Order No. C. 68, 1,000 pcs. 41 in. 100 yds. To count 76 × 80 to the inch and to be made from 36/40 actual yarns. The cloth to be well made and free from faults.

As these goods are for shipping grey, please see that they are kept clean.

Price 25s. per piece.

Terms 2½% cash in 7 days.

Delivery. Complete 8 weeks. In lots of 250 pcs.

In the meantime, the merchant will have entered into a contract for the bleaching or the printing of the cloth, as the case requires.

A bleaching contract form should be made out as follows—

CONTRACT FOR BLEACHING

To___The Bleaching Co., Ltd._____ No.____762 ____
Lot W__6____

We have bought the following Grey Cloth for Bleaching:

No. of Pieces____200____Width____36"____Length____75 yds____
Description____Shirtings____Delivery Grey____25th Jan., 19.____

We offer you the Bleaching and Finishing of above Goods at____13d.____
per____40 yds.____for return in____4 weeks____

It is to be distinctly understood that you hold the Cloth covered for us against risk of fire whilst in your possession, and until returned to our care and keeping.

PLEASE SIGN AND RETURN THE ANNEXED SLIP

CONTRACT FOR BLEACHING

No. W__762 ____
Lot____6____

We herewith accept your Bleaching Contract No. W__762____ and guarantee to return the goods therein named within__4____weeks from date of receipt of Grey Cloth.

We undertake to hold the Cloth covered for you against risk of fire whilst in our possession, and until returned to your care and keeping.

(Signed)___The Bleaching Co., Ltd.

___28th Dec., 19.____

J. G.

A cloth printer's contract is as follows—

CONTRACT FOR PRINTING.

CONTRACT No. P 6197 Lot No. 480

200 Pieces 31 ins. 147 yds. Price @ 3/4 per yd.

Finished width 28 inches full.

Finish as Pure as pattern submit sample

Designs, Colours and Work as Patterns sent, or Patterns to be sent.

Assortment to follow

Grey Cloth ready 6/8 weeks

Goods to be returned to us finished in 5/6 weeks after receipt of
Grey Cloth.

1 new design to be engraved as sketch herewith

Sketch to be returned

Work and colours to be as before as shown by Contract No.

It is to be distinctly understood that you hold the Cloth
covered for us against risk of fire whilst in your possession,
and until returned to our care and keeping.

PLEASE SIGN AND RETURN ANNEXED SLIP

Lot No. _____

CONTRACT for _____ Order _____

_____ herewith accept your _____ Contract No. _____

for _____ and guarantee to return the goods

therein named to you in _____ weeks after receipt by us of

the Grey Cloth.

We undertake to hold the Cloth covered for you against
risk of fire whilst in our possession, and until returned to
your care and keeping.

Signed _____

NOTE.—Majority of printers refuse to be bound by contract.

In arranging all these matters great care must be taken that the
contracts are made to fit in with the date the goods have been
promised for shipment. The question of shipment date is most

important, especially if the goods are required for the Indian markets. India attaches greater importance to the shipment date than does any other country, and special terms are usually agreed upon to deal with the matter. No goods which are in any way late may with safety be shipped without special permission to do so having been obtained from the dealer, and special regulations are drawn up dealing with the question of cancelments and allowances in the event of goods being late.

The rules at present in force with India are as follows—

Bombay	No days of grace.		
Madras	15	„	„
Delhi	7	„	„
Karachi	No	„	„
Amritsar	7	„	„

The date of the Bill of Lading is usually taken as the shipment date, and care must be taken to have this document dated within the time prescribed.

MAKING UP AND PACKING.—In the calculation of costs, those for making up, packing, casing or baling charges are most important. All piece goods have to be made up, that is, folded, tied or taped, marked, numbered, and ticketed in exact accordance with the contract, and a mistake in any of these details is a serious matter. Some of the large merchanting houses have a staff of men and the necessary plant to do the making up, but the majority of firms prefer to entrust the making up to the large packing houses which make a speciality of this class of work.

When the goods mentioned in the indents are ready for delivery, they will be forwarded to the warehouse of the merchant, who examines them to see that they are in accordance with the particulars ordered. If they are found to be correct they are ready for making up and packing.

Piece Goods for shipment are usually packed in bales or cases, according to the market for which they are intended. If the packing is not done by the merchant's own staff, he must arrange with a firm of packers to undertake this work. Goods that are regularly shipped to a market are generally packed in a uniform way, and as a rule a packer can tell how many cases will be required, if he knows

the number of pieces and the market for which they are destined. If, however, a shipment consists of a miscellaneous collection of goods, these should be piled in the warehouse as compactly as possible in the position in which it is desired they should be packed. The packer then measures the length, width, and depth, notes the measurements in his note-book, and gives instructions for cases or bales of the correct size to be made.

When the packing is completed it is necessary to mark the packages so that they can be identified. The marking is usually done by means of tin stencils and ink. The stencils are placed on the package and the ink applied by means of a short stiff brush. The markings usually consist of a geometrical figure, *e.g.*, a rectangle, a diamond, a triangle, etc., with the initials of the firm to whom the goods are being shipped, placed inside, with the name of the port of destination, and the number of the packages placed outside.

The following are specimen markings—

1/20	<div style="border: 1px solid black; padding: 2px; display: inline-block;">J. & Co.</div>	<div style="border: 1px solid black; padding: 2px; display: inline-block; transform: rotate(45deg); transform-origin: center;">A. E. A.</div>	1/2	<div style="display: inline-block; vertical-align: middle; text-align: center;">J △ B</div>	C 295
	Calcutta	Bombay		Buenos Aires	

The next step is to despatch the packages to the docks. When it is known that goods will be ready for shipment on a certain day, it is advisable to make arrangements with the steamship company to reserve sufficient space in the vessel, in order that there may be no chance of the goods being shut out. This is very important, especially when trade is brisk, as it frequently happens that packages sent for shipment by a certain steamer are shut out owing to there being insufficient room, and as has been pointed out, this, in the case of goods for India, may be a very serious matter.

DESPATCHING THE GOODS.—We will now deal with the procedure necessary—(a) When goods are sent from an inland town to the port of departure ; (b) When packages are forwarded by the supplier to the port of departure ; (c) When packages are sent from the shipper's warehouse to the dock, and he attends to the shipment without the assistance of a shipping agent.

(a) In the first case, the packages are forwarded by rail in the usual manner, the goods being consigned to the agent of the steamship company at the port of departure. The agent will, for a small

STEAMER GOODS ADVICE

-----Manchester, 15th Jan. 19..

JOHN SUTTON & SON,
GRIMSBY.

Gentlemen,

We beg to advise having this day forwarded to your care, per Rails Carriage¹-----forward-----the undermentioned Packages, which please ship per first Steamer, in accordance with particulars given herein.

Yours respectfully,

Horridge, Schwann & Co.

¹ Say whether Carriage Paid or not.

Marks.	Nos.	Bales or Cases.	Pieces.	Yards.	Description of Goods.	Net Weight.	Gross Weight. Cwt. Qr. Lb.	Value.	Consignee.
Ⓐ	#56/7	2 Bales each	20	1000	Dyed	lbs. 330	3 — 11	£ 23/11/	Hartrodt & Co. Hamburg for order of Messrs. Blum & Co., Frankfurt a/M.
					All Charges forward. Please insure each Bale for £30				

(b) We will now assume that a supplier has advised the shipper that certain goods are ready for despatch. The shipper forwards to the supplier instructions in terms similar to the following—

MANCHESTER-----19..

Messrs. James Brown & Co.-----

Send forward your goods to the order of Messrs. King & Co.,
14 St. Mary Axe, London, E.C.

For shipment per ss. "UMTATA," loading in East India Dock, Blackwall, marked—



1234/5

Natal

On no account must other than the above numbers be used.

If more are required, apply to us.

Advise consignees of contents and value and gross weight of each package. -----2----- Copies of invoice to Manchester. Each copy to have all trade and cash discounts deducted in ink in the same hand or typewriting, and must also state gross weight and measurements of each package. Invoices rendered otherwise will be returned, and supplier held responsible for any loss or fines caused by delay in clearing Customs owing to absence of documents.

The Order No. and Indent No. must be shown on all invoices, and the invoices must be accompanied by two certificates of origin on the regulation form, stating the net value.

Please distinctly note on invoices, alongside the total amount, whether the goods are carriage forward, carriage paid, F.O.B., or F.O.R. only.

If the carriage to port is paid by the suppliers, the amount of such carriage must be stated at the foot of the invoice and certified by the firm's signature. If this is omitted, we shall be compelled to debit you with duty on the amount of the carriage.

RICHARD CAPELL & SONS.

The goods having been duly despatched to the steamer and the invoice forwarded to the shipper, an advice would be sent by the shipper to Messrs. King & Co., giving the marks and numbers of the packages, contents, gross weight, value, and town of destination. A slip would also be attached to the advice note giving the necessary consignment instructions as follows—

Consign to William & Sons,
Durban, Natal,

One copy Bill of Lading direct to consignees.
___3___ copies of Bill of Lading and ___3___ copies
of Freight Accounts to our Manchester address.

Messrs. King & Co., would clear the goods outwards, and pay all dock dues and also all charges for carriage on goods sent carriage forward, debiting the shippers on the freight account with the amount paid on their account.

When the shipment is completed, the agent will forward to the shipper a Freight Note containing the particulars of the agent's charges. A specimen of such Freight Note is given—

LIVERPOOL, __ June 15th __ 19__

Messrs. T. BROWN & SONS., LTD.

Dr. to Freight, etc., per s.s. "City of York," for Bombay.

Marks and Nos.	Packages.	Weight.				Measurements.		Rate of Freight.	£ s. d.		
		Tons.	cwts.	qrs.	lbs.	Ft.	In.				
W.H. & S. K Bombay 81/92	= 12 Bales					176	—	25/-	6	10	0
						10	%	Primage	13	0	
	Carriage . . .								-	-	-
	Cartage . . .								-	-	-
	Dues								-	-	-
	B/Lading . .								2	-	-
	Commission								2	-	-
										£7 7 0	

Enclosed please find one set Bills of Lading for the above, which we trust you will find in order.

OLDHAM & Co.,

Ship Brokers,

LIVERPOOL.

deliver up Bills of Lading to the persons presenting it, and under no circumstances shall the Shipowner be bound to deliver Bills of Lading or to account for the goods to any person other than such persons as shall present this Receipt.

When the goods mentioned in this Shipping Note arrive at the dock the wharfinger signs the note, which answers the same purpose as a "Mate's Receipt." The shipper would arrange either to call at the office of the wharfinger for the signed note, or have it returned to him by post.

BILLS OF LADING.—The Bills of Lading may now be made out. The form of Bills of Lading differs, each particular company having its own form, which is obtainable either from the office of the steamship company or from certain commercial stationers. Bills of Lading are extremely important documents as, when signed, they are an acknowledgment of the receipt of the goods mentioned therein. They are usually made out in sets consisting of from two to six copies, according to requirements. Very often, however, a set consists of three stamped copies and one plain copy. The stamp required is a sixpenny one, which must be impressed before the Bills of Lading are signed. Where three stamped copies are used, one copy is forwarded to the consignee by the first mail, the second is forwarded either by the boat carrying the goods or by the next succeeding mail, and the third is retained by the shipper in case of emergency. The plain copy is kept by the captain of the ship or by the steamship company. (Procedure is different when shipping documents are hypothecated. See later.)

Bills of Lading contain the name of the shipper, the name of the ship, sometimes the name of the captain, the number of packages, the name of the port to which the goods are being shipped, the name of the consignee, and the date. In the margin, particulars are given of the number of packages, their contents, marks and numbers, and the amount of freight.

Although space is reserved on the Bills of Lading for the name of the consignee, they are frequently made out "unto Order" in which case they require endorsing before being negotiated. When completed, and the amount of freight payable is arrived at, the Bills of Lading are taken to the offices of the steamship company, together with the signed shipping note. Here they are compared with the steamship company's books, and the freight calculations are checked. If everything is in order, a representative of the

AT PORT OF SHIPMENT:

No.

F. Fisher Sons

Breeze
Newcastle, N.Z.

discharge goods and passengers, and to take in Coal and/or other
without Pilots, and to tow and assist vessels in all situations, and
flowing goods, viz.:—

Two

PACKAGES MERCHANDISE.

delivered (subject to the exceptions and conditions hereinafter
the Steamer's deck, at her anchorage (where the Shipowners'
Newcastle, N.Z.

der
h primage, to become due on shipment, and to be paid in London,
is not so paid in London payment shall on demand be made by
shall be calculated and paid at the Colony rate, together with

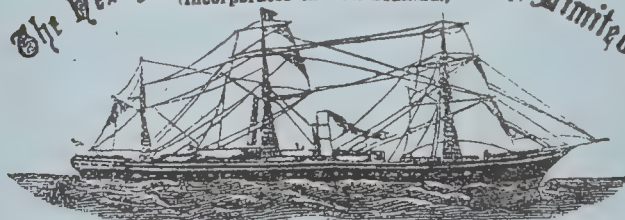
or Sea, but not Pilferage, Arrests or Restraints of Princes, Rulers, or People, Riots, Strikes,
ereby, and loss or damage resulting from any of the following causes or perils are excepted,
st, vermin, breakage, leakage, sweating, evaporation or decay; injurious effects of other
age afloat or on shore: fire on board, in bulk, in craft, or on shore; explosion; accidents
jettison, neglect, default or error in judgment of the master, pilot, officers, engineers,
the seas, rivers or navigation of whatsoever nature or kind and howsoever caused, and
Government or the administration of the Suez Canal, or arising out of or consequent upon

skage is distinctly, correctly, and permanently marked by the Merchant before shipment,
which last must be in letters not less than two inches long.
Destination by the above or other Steamer or Steamers, Ship or Ships, either belonging to
directly to such port, and in so doing to carry the goods beyond their Port of Destination,
d forward the same at the Shipowners' expense but at Merchant's risk, but subject to any
d ten per cent. of the net invoice cost of such goods.

AUSTRALIAN AND NEW ZEALAND
STEAM TRADE BILL OF LADING, 1908.

STEAM TO NEW ZEALAND DIRECT.

The New Zealand Shipping Company, Limited.
(Incorporated in New Zealand.)



COLONIAL HEAD OFFICE:—CHRISTCHURCH, N.Z.
LONDON HEAD OFFICE:—138, LEADENHALL STREET, E.C.
BRANCHES THROUGHOUT THE COLONY.

J. B. WESTRAY & Co., FREIGHT & PASSENGER
138, Leadenhall Street, E.C. BROKERS.

2 Cases Machinery

A.E.A. 1/2

Invercargill
N.Z.

27ft 6ins @ 6/8 2.2.5

Primage 4.3

£ 2.6.8

Merchants are cautioned against shipping goods of a dangerous or damaging nature, as by so doing they become responsible for all consequential damage, and also render themselves liable to penalties imposed by Statute.

FREIGHT PAYABLE AT PORT OF SHIPMENT.

No.

Shipped in good order and condition by F. Fisher Sons

on board the Steam Ship Arab S. Breeze whereof is Master for this present voyage, now lying in the Port of LONDON, for Invercargill, N.Z. with liberty to call at any Port or Ports, to receive and/or discharge goods and passengers, and to take in Coal and/or other supplies or for any other purpose, and to sail with or without Pilots, and to tow and assist vessels in all situations, and to deviate for the purpose of saving life or property, the following goods, viz:—

Two PACKAGES MERCHANDISE.

being marked and numbered as in the margin, and to be delivered (subject to the exceptions and conditions hereinafter mentioned) in the like good order and condition from the Steamer's deck, at her anchorage (where the Shipowners' responsibility shall cease), at the Port of Invercargill, N.Z. (or so near thereto as she may safely get), unto Order or to his or their Assigns. Freight for the said Goods, with primage, to become due on shipment, and to be paid in London, in cash, without deduction, ship lost or not lost. If freight is not so paid in London payment shall on demand be made by the Consignees at Port of Discharge, in which case freight shall be calculated and paid at the Colony rate, together with cost of cablegram from England advising non-payment.

The Act of God, the King's Enemies, Pirates, Robbers or Thieves by Land or Sea, but not Pilferage, Arrests or Restraints of Princes, Rulers, or People, Riots, Strikes, or Lock-outs, or other Labour Disturbances or delay caused directly or indirectly thereby, and loss or damage resulting from any of the following causes or perils are excepted, viz.: Insufficiency in packing or in strength of packages, loss or damage from rust, vermin, breakage, leakage, sweating, evaporation or decay; injurious effects of other goods; effects of climate or heat of holds; risk of craft, of transshipment, and of storage afloat or on shore; fire on board, in hulk, in craft, or on shore; explosion; accidents to or defects in hull, tackle, boilers or machinery or their appurtenances; barratry, jettison, neglect, default or error in judgment of the master, pilot, officers, engineers, mariners, or others in the service of the Shipowners; collision, stranding, perils of the seas, rivers or navigation of whatsoever nature or kind and howsoever caused, and accidents, loss, damage, delay or detention from any act or default of the Egyptian Government or the administration of the Suez Canal, or arising out of or consequent upon the employment of Vessels of the Line in His Majesty's Mail Service.

The Shipowners will not be responsible for correct delivery unless each package is distinctly, correctly, and permanently marked by the Merchant before shipment, with a mark and number, or address, and also with the name of the Port of Delivery, which last must be in letters not less than two inches long.

The Shipowners are to be at liberty to carry the said goods to their Port of Destination by the above or other Steamer or Steamers, Ship or Ships, either belonging to themselves or to other persons, proceeding by any route, and whether directly or indirectly to such port, and in so doing to carry the goods beyond their Port of Destination, and to tranship or land and store the goods either on shore or afloat and reship and forward the same at the Shipowners' expense but at Merchant's risk, but subject to any proved claim for loss of market on any goods so overcarried, such claim not to exceed ten per cent. of the net invoice cost of such goods.

The Shipowners will not be accountable for gold, silver, bullion, specie, jewellery, watches, clocks, precious stones, precious metals, bank notes or securities for money, paintings, sculptures, or other works of art, nor for goods of which the value is more than £5 per cubic foot, nor for any one package which is of a value of more than £100, unless the value thereof shall have been declared at time of shipment, and the Bills of Lading signed with a declaration of the nature and value of the goods appearing thereon, and extra freight in respect of same agreed upon and paid; nor for loss, injury, or detention to packages intended for different Consignees, but made up into one package, unless the contents and value of each separate package be given before shipment, and freight paid accordingly; nor for damage to castings or show cases, nor for breakage of unprotected goods, marble, slate, glass, glassware, chinaware, or earthenware, or other goods of a brittle or fragile nature, of any description, from whatsoever cause arising, excepting improper stowage and handling.

Specie deliverable in Melbourne or Sydney will be conveyed from the Steamer to the Mint at Shipowners' expense but at the Merchant's risk. All liability of the Shipowners is to cease as soon as the specie is free from the Steamer's tackle.

If Chemicals, Liquids, or other goods of a dangerous or damaging nature are shipped without being previously declared and arranged for, they may be searched for and discharged or thrown overboard, or otherwise destroyed, and all expenses incurred and/or loss, as well as any loss or damage to the ship or cargo, or to any person or interest whatsoever, will fall upon the Merchants or Owners of such goods.

The Freight payable as above has been calculated and based upon a description of the goods declared by the Shippers to the Shipowners. The Shippers warrant the correctness of such description. If such description shall prove to be untrue or incomplete the Shippers and/or Consignees shall be liable for and shall pay to the Steamer, as and by way of liquidated and ascertained damages and not as a penalty, a sum equal to double the freight which would have been charged if the goods had been correctly described less the freight actually paid.

All fines and expenses or losses by detention of vessel or cargo caused by incorrect or insufficient marking of the package, or by incomplete or incorrect description or weight (or any other particulars required by the Authorities at the Port of Delivery), either upon the packages or the Bill of Lading, shall be paid by the Shipper or Consignees of the goods.

The Master or Agent is to deliver the goods with all reasonable despatch, and the Consignees or their Assigns must be ready to take delivery from Steamer's tackle as soon as the Steamer is ready to discharge them, otherwise the Master or Agent shall be at liberty to land and warehouse the goods, or discharge them into a store ship, or bulk, or into lighters, or on a wharf as customary, at the Merchant's risk and expense.

Loss, damage of delay arising from or consequent upon quarantine regulations whatsoever or wheresoever arising always excepted, and in case of quarantine the goods may be discharged into quarantine depot, hulk or other vessel as required for the Steamer's despatch, and all expenses on the goods of whatsoever nature or kind from the ship's deck shall be borne by the Owners of the goods.

In case of the blockade or interdict of the Port of Discharge or of final destination of the goods shipped hereunder, or if the entering of or discharging in such port shall be prohibited or prevented by blockade, interdict or quarantine or otherwise or shall be considered by the Master unsafe, or if the entering of or discharging in such port to be likely to subject the Steamer or the goods to quarantine there or at any subsequent port, then they may be landed or put into lighters there or at the nearest safe and convenient port or place at the expense and risk of the Owners of the goods; and the Shipowners' responsibility shall cease when the goods are so discharged into proper and safe keeping, the Master giving immediate notice of the same to the Consignees of the goods, so far as they can be ascertained.

The contract evidenced by this Bill of Lading shall be governed by the law of England. Average payable according to York-Antwerp Rules, 1890, and the Average Statement to be drawn up in the United Kingdom, or at any port of discharge at the option of the Shipowners.

The Shipowners shall have a lien upon the goods for all freight and charges for which the goods are liable under the Bill of Lading. No claim that may arise in respect of goods shipped by this Steamer will be recoverable unless made at the Port of Delivery within seven days after the discharge of said goods.

The Shipowners' liability, in case of loss, or detention, or injury to goods, for which they may be responsible, to be calculated on and in no case to exceed the net invoice cost and disbursements.

Weight, measurement, contents, quality, and value unknown.

IN WITNESS whereof the Master, Purser, or duly authorised Agent of the said Steamer hath affirmed to Bills of Lading, all of this tenor and date, one of which being accomplished the others to stand void. If required by the Shipowners, or their Agents, one of the Bills of Lading must be given up, duly endorsed, in exchange for the Goods.

Dated in LONDON, 31st March

19

steamship company signs them and returns them to the shipper, usually on payment of the freight, although arrangements are often made for the freight to be paid monthly. A Specimen Bill of Lading is shown, and the reader should study it carefully in order to understand exactly what the liability of the shipowner is.

FREIGHT CALCULATIONS.—For the purpose of freight, goods for export are classed by the shipping companies into one of five classes, viz., 1, 2, 3, 4, and special. Goods in class (1) pay the highest rate of the first four, the special rate being high or low according to the nature of the goods. A special rate is quoted for goods of a special or dangerous character, and they are taken only by special arrangement which must be made before the goods are despatched. Freight is charged in various ways, *e.g.*, it may be per lb., as in the case of wool; per bushel, as in the case of wheat; a lump sum is charged for such articles as boilers, and a rate of so much per ton, weight or measurement, is charged on most other packages. A measurement ton is generally 40 cubic feet, and it is at the option of the steamship company whether the charge is made on the weight or by measurement. It is, of course, obvious that the measurement rate will be charged on goods which are bulky but light, and that the charge will be made by weight on heavy goods. It may be mentioned that there are also special rates for packages weighing over 30 cwts.; but rates of freight can always be obtained on application to the shipping company. When the measurement rate is charged, it is necessary to calculate the cubical contents of the packages. This is usually done by means of a ready reckoner, but the result can be arrived at by multiplying together the extreme length, width and depth of the package. For instance, the measurement of a case 4' 2" long, 3' 6" wide, and 3' deep can be worked out as follows by the duodecimal system—

$$\begin{array}{r}
 4' \ 2'' \\
 3' \ 6'' \\
 \hline
 2' \ 1'' \\
 12' \ 6'' \\
 \hline
 14' \ 7'' \\
 3
 \end{array}$$

43' 9" = Cubic measurements of the case.

The following is a further example—4' 0" long, 3' 4" wide, and 5' 10" deep.

4'	0"
3'	4"
<hr/>	
1'	4"
12'	0"
<hr/>	
13'	4"
5'	10"
<hr/>	
11'	1" 4"
66'	8"
<hr/>	
77'	9" 4"

The following list of rates will be found useful in calculating freights—

		FREIGHT RATES		
Per 40 cub. ft. or ton weight.		per cub. foot.	per cwt.	
60/-	=	1.6	or	3/-
55/-	=	1/4½	"	2/9
52/6	=	1/3¾	"	2/7½
50/-	=	1/3	"	2/6
47/6	=	1/2¼	"	2/4½
45/-	=	1/1½	"	2/3
42/6	=	1/0¾	"	2/1½
40/-	=	1/-	"	2/-
37/6	=	-/11¼	"	1/10½
35/-	=	-/10½	"	1/9
32/6	=	-/9¾	"	1/7½
30/-	=	-/9	"	1/6
27/6	=	-/8¼	"	1/4½
25/-	=	-/7½	"	1/3
22/6	=	-/6¾	"	1/1½
20/-	=	-/6	"	1/-
17/6	=	-/5¼	"	-/10½
15/-	=	-/4½	"	-/9
12/6	=	-/3¾	"	-/7½
10/-	=	-/3	"	-/6
7/6	=	-/2¼	"	-/4½
5/-	=	-/1½	"	-/3

Using this table, we will take two or three examples showing how it may be used.

First example, 398' 11" at 52/6—

398' 11" at 40/-	=	398.11
398' 11" at 10/-	= ¼ of 40/-	= 99.9
398' 11" at 2/6	= ¼ of 10/-	= 24.11

$$523.7 = \underline{\underline{£26 \ 3 \ 7}}$$

or—

398' 11" at 1/-	=	398.11
398' 11" at -/3	= ¼ of 1/-	= 99.9
398' 11" at -/¾	= ¼ of -/3	= 24.11

$$523.7 = \underline{\underline{£26 \ 3 \ 7}}$$

Let us take another example, 575' 9" at 27/6—

$$\begin{array}{rcl} 20/- & = \frac{1}{2} \text{ of } 40/- & = 287.10 \\ 5/- & = \frac{1}{4} \text{ of } 20/- & = 72.0 \\ 2/6 & = \frac{1}{2} \text{ of } 5/- & = 36.0 \end{array}$$

$$395.10 = \underline{\underline{£19\ 15\ 10}}$$

or 27/6 = — $\frac{1}{8} \frac{1}{4}$ per cub. foot.

$$\begin{array}{rcl} -/6 & = \frac{1}{2} \text{ of } 1/- & = 287.10 \\ -/2 & = \frac{1}{2} \text{ of } -/6 & = 96.0 \\ -\frac{1}{4} & = \frac{1}{2} \text{ of } -/2 & = 12.0 \end{array}$$

$$395.10 = \underline{\underline{£19\ 15\ 10}}$$

Now we will try a "weight" calculation—

Tons.	cwts.	qrs.	lbs.	
16	16	2	21	at, say, 25/- per ton.
= 336 cwts. at $\frac{1}{3}$				336.0
				84.0
2 qrs. = $\frac{1}{2}$ of $\frac{1}{3}$				.7
14 lbs. = $\frac{1}{2}$ of $\frac{1}{3}$				.2
7 lbs. = $\frac{1}{2}$ of 14 lbs.				.1

$$420.10 = \underline{\underline{£21\ 0\ 10}}$$

and also a second one—

Tons.	cwts.	qrs.	lbs.	
47	19	3	21	at 37/6 per ton
= 960 cwts. at $\frac{1}{10} \frac{1}{2}$				960.0
				840.0
				1,800.0

$$\text{Less 7 lbs.} = \frac{1}{18} \text{ of } 1/10 \frac{1}{2} = .2$$

$$1,799.10 = \underline{\underline{£89\ 19\ 10}}$$

When the amount of freight has been ascertained, there must be added the percentage for primage, which is usually 10%. Primage was formerly a gratuity given to the captain of a ship for his care in looking after the cargo, but nowadays it is part of the freight, and in quoting a rate of freight, a shipping company quotes, say, 40s. per ton and 10%. It may be mentioned here that at least a portion of this primage is generally returned to the shipper in the form of a rebate (see Deferred Rebate).

The insuring and invoicing of the goods are dealt with later.

We will now notice what else is required in order to complete the procedure.

CUSTOMS FORMALITIES.—Within six days of the final clearance of the ship, a specification must be sent to the Custom House. The particulars given on this specification are required for statistical purposes. The Board of Trade publishes the Official Export List, which gives an alphabetical list of headings under which exported goods are classified by the customs. This list should be consulted by the shipper, in order that he may know exactly under what class his goods should be entered. A white form is used for British and Irish goods, and a pink form for Foreign goods. Specimens of these forms are appended.

*SPECIFICATION FOR BRITISH AND IRISH GOODS ONLY



Port of Liverpool Ship's Name "City of Athens"

Smith Master, for Bombay

Date of Final Clearance of Ship 22nd Dec., 19..

* The Specification of Goods exported must be delivered to the proper Officers of Customs within six days from the time of the final clearance of the Ship, as required by the Customs Laws.

Marks.	Nos.	Number and Description of Packages.	Description of British and Irish Goods in accordance with the requirements of the Official Export List.	Net Weights or Quantities.	Value† (f.o.b.)	Final Destination of the Goods.
<u>J. & Co.</u> <u>Bombay</u>	1/14	4 c/s.	<u>Textile Machinery</u>	18 1 12	£80	<u>Bombay</u>
					Total Value	

† The "f.o.b.," or free on board, value should be given.

I declare that the particulars set forth above are correctly stated.

Dated 24th Dec. 19.. (Signed) A. Ellis & Co.

(Address) Manchester

(Countersigned) _____
Officer of Customs.

† Adding Exporter, or Agent, as the case may be.
Exportation Code, Para. 360. Secy. Customs, 2280.

* SPECIFICATION FOR FOREIGN GOODS FREE OF DUTY OR
ON WHICH ALL DUTIES HAVE BEEN PAID

No. 30 (Sale).



Port of *Liverpool*

Ship's Name "*Celtic*"

Jones Master, for *Hong-Kong*

Date of Final Clearance of Ship 29 *Jan.*, 19..

* The Specification of Goods exported must be delivered to the proper Officers of Customs within six days from the time of the final clearance of the Ship, as required by the Customs Laws.

Marks	Nos.	Number and Description of Packages	Quantity and Description of Foreign Goods, in accordance with the requirements of the Official Import List. Pounds.		Country whence Goods were consigned when imported.	Value* (f.o.b.) £	Final Destination of the Goods.
<i>AB</i>	<i>1/4</i>	<i>4 cases</i>	<i>Flour</i>	<i>670</i>	<i>Austria</i>	<i>50/-</i>	<i>China</i>
Total							

* The "f.o.b.," or free on board, value should be given.

We declare that the particulars set forth above are correctly stated.

(Signed) *Brown & Co.*

(Countersigned) _____
Officer of Customs.

Dated _____

In addition to the Customs Specification, at ports where dock and town dues are charged, a form must be filled in giving particulars of the goods, and the amount of dues payable. The dock authorities publish lists showing the amounts payable on various classes of goods, and a copy of this list should be in the hands of the shipper.

DOCK AND TOWN DUES BILL

OUTWARDS

Ship "City of Athens" For Bombay

Cleared 26th Dec., 19.. Exporter A. Ellis & Co.

Dock Morpeth Address Manchester

Name and address of Corporate Body or person on whose account Rates are paid.	PARTICULARS OF GOODS.	Tons.	Cwts.	Qrs.	Lbs.	TOTAL DOCK AND TOWN DUES.
<i>A. Ellis & Co.</i>	<i>20 b/s Cotton Goods</i>	4	2	1	-	5 0
<div style="display: flex; justify-content: space-between;"> Date <u>28th Dec.</u> 19.. £ 5 0 </div>						

CERTIFICATES OF ORIGIN.—In order to secure preferential duties from the South African, Australian, New Zealand, and Canadian colonies, Certificates of Origin are necessary. These forms are sometimes printed on the back of the ordinary invoice, or they may be had from the Custom House at the time of entry of the goods. The various Chambers of Commerce also issue Certificates of Origin which are usually signed by the Secretary of the Chamber.

Duty is charged on the net amount of the invoice, so that care must be taken to deduct all trade and cash discounts, and the whole of the invoice must be made out either in the same handwriting or in the same typewriting, as the customs will not pass a handwritten document with the discount taken off in typewriting, or *vice versa*. On page 507 is shown a form of Certificate which is in use at the present day.

FORM OF CERTIFICATE TO OBTAIN A REBATE OF CUSTOMS DUTIES ON GOODS AND ARTICLES, THE GROWTH, PRODUCE OR MANUFACTURE OF THE UNITED KINGDOM, WHEN MADE AND SIGNED BY A PERSON OTHER THAN AN INDIVIDUAL MANUFACTURER OF SUPPLIER.

I (1) James Brown hereby certify that
I am (2) Partner of (3) James Brown & Co.,
55 Wall St., Manchester,
the Manufacturer(s) of the articles included, and sign this certificate on
behalf of James Brown & Co.
the said Manufacturer(s).

I have the means of knowing, and I do hereby certify that this invoice
from the said (4) James Brown & Co.
to (5) Samuel Johnson & Co.,
amounting to (6) Fifty-five pounds ten shillings
is true and correct, and that all the articles included in the said invoice
are *bona fide* the growth, produce or manufacture of the United Kingdom,
and that a substantial portion of the labour of that country has entered
into the production of every manufactured article included in the said
invoice to the extent in each article of not less than one-fourth of the value of
every such article in its present condition ready for export to (7) South Africa.

Signed _____

Dated at _____ this _____

day of _____ 19____

- (1) Name of person signing the certificate.
(2) Insert the words partner, manager, chief clerk, or principal official, giving rank as the case may be.
(3) Name and address of manufacturer(s) or supplier(s).
(4) Name of manufacturer(s) or supplier(s).
(5) Name of party or parties to whom articles are invoiced.
(6) Insert in words at length the total value of invoice.
(7) South Africa or Canada, as the case may be.

Certain foreign countries, such as Japan, Norway and Sweden, Russia, and Spain, also admit British goods under "Most-Favoured Nation" treatment, and to establish this claim, Certificates of Origin are demanded by their governments.

In some cases it is necessary to obtain the Consul's signature.

CONSULAR INVOICES.—When goods are exported to the United States of America, South America, and certain other countries, it

is necessary to make out Consular Invoices, that is to say, invoices signed by the Consul of the country to which the goods are being shipped. The usual method is to take to the Consul for signature the necessary number of invoices signed by the head of the exporting firm. The Consul certifies one copy and returns it to the shipper. Another copy is sent to the Customs authorities at the port of entry, a third copy is kept by the Consul himself, and the fourth is either returned to the shipper, or sent out as a duplicate to the Customs authorities. A fee of varying amount is charged by the Consul for certifying these invoices. They are necessary to facilitate the clearing of the goods abroad, and the particulars given must be very accurate, as a great deal of trouble, and even loss, is occasioned if the particulars given are not in strict accordance with the requirements of the government of the importing country. For some countries these invoices are made out in English, but often they are required in Spanish.

Some of the countries for which these Consular Invoices are necessary are the United States of America, Honduras, Nicaragua, Venezuela, Mexico, Peru, Uruguay, Colombia, Paraguay, Bolivia, Brazil, Chile, Costa Rica, Cuba, Liberia, etc.

Owing to the extreme care which is necessary in making out these documents, full particulars of the requirements should be obtained from the Consuls of the respective countries.

Specimens of these documents are shown between pp. 508-9.

DEFERRED REBATES.—In order to regulate competition between steamship companies, shipping rings are formed, the chief object being the maintenance of regular rates of freight. This object is achieved by means of an agreement or understanding between the lines that they will charge the same rate of freight. The second object is to adopt measures to meet the competition of shipowners outside the ring, and for this purpose the companies usually have recourse to a system of Deferred Rebates, the nature of which is as follows—

The companies issue a notice to shippers informing them that if, at the end of a certain period (usually four or six months), they have not shipped goods by any vessels other than those in the ring they will be credited with a sum, usually 10% of the freight paid on their shipments during that period, and that this sum will be paid to them if, at the end of a further period, usually four or six months, they

“ A Via. Factura Consular Brasileira. (Brazilian Consular Invoice.)

Al. da Ifactura.

Porto do destino da mercadoria

Port of destination of the merchandise

Porto do destino da mercadoria

Port of destination of the merchandise

Porto do destino da mercadoria

Port of destination of the merchandise

Valor total da factura inclusive frete e despesas aproximadas £

Total value of the invoice inclusive of approximate freight and charges

Frete e despesas aproximadas £

Approximate freight and shipping charges

Agio da moeda do paiz de procedencia

Exchange of the country whence exported

¶ 2, 3, or 4.

* Place and Date.

† Signature

‡ Cross out description not used.

§ I or We.

“ A Via. Factura Consular Brasileira, (Brazilian Consular Invoice.)

A. da Factura _____
 Consulado em _____

DECLARAÇÃO (DECLARATION).

*Declaramos solennemente que somos exportadores ou carregadores† das mercadorias
 We solemnly declare that we are the exporters or shippers of the merchandise
 mencionadas nesta factura contidas nos _____
 specified in this invoice, contained in the _____
 a qual é exacta e verdadeira a todos os effectos, sendo essas mercadorias destinadas ao porto de _____
 which is in all respects true and exact, this merchandise being destined to the port of _____
 do Brasil e consignadas aos Sres _____
 of _____
 Brazil and consigned to Messrs. _____*

STAMP

§ _____ guarantee the authenticity of the above.

_____ *Agente do Exportador.*
 _____ *Agent of Exporter.*

Observações do Consul

VISTO. _____ *Consulado da Republica dos Estados Unidos do Brasil em*

aos _____ dias do mez de _____ de 191 _____

Recebi seis shillings e nove dinheiros.
tendo sido a estampilha collada na 1.^a via.

Consul

Nome e nacionalidade do navio á vela
Name and nationality of sailing vessel

Nome e nacionalidade do navio á vapor
Name and nationality of steamer

Porto do embarque da mercadoria
Port of shipment of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

Porto do destino da mercadoria
Port of destination of the merchandise

Valor total da factura inclusive frete e despesas approximadas
Total value of the invoice inclusive of approximate freight and charges

Frete e despesas approximadas
Approximate freight and shipping charges

Agio da moeda do paiz de procedencia
Exchange of the country whence exported

* Place and Date.

† Signature.

‡ Cross out description not used.

§ 1 or W.

¶ 2, 3, or 4.

CONSULAR INVOICE FOR U.S.A.

All Blanks in these Three Columns to be filled in by Shipper. The form of Invoice on the other side to be used.

[Form No. 140.]

CONSULAR CERTIFICATE.

(Date) ¹ _____

I do hereby certify that the invoice described in the indorsement hereof was this day produced to me by the signer of the annexed declaration.

I do further certify that I am satisfied that the person making the declaration hereto annexed is the person he represents himself to be, and that the prices given in the invoice agree with the actual market value or whole-sale price of the merchandise described in the said invoice in the principal markets of the country at the time of exportation, excepting as noted by me upon said invoice, or respecting which I shall make special communication to the proper authorities.

I further certify _____

that a fee of \$2.50 United States gold, equal to 10s. 4d., has been paid by affixing stamps to the duplicate copy of this document.

Witness my hand and seal of office the day and year aforesaid.

American Deputy-Consul-General, London,
England.

(1481)—bet. pp. 508 & 509.

Directions

- 1 Date.
- 2 Full names of Deponent.
- 3 'Purchaser' or 'Seller.'

4 Port.

- 5 Date.
- 6 Deponent's Signature.

[Form No. 138.]

Declaration of Purchaser or Seller or duly authorised Agent of either.

I², _____ the undersigned, do solemnly and truly declare that I am the³ _____ (Purchaser or Seller) of the merchandise in the within invoice mentioned and described; that the said invoice is in all respects correct and true, and was made at the place named therein, whence said merchandise is to be exported to the United States of America; that said invoice contains a true and full statement of the time when, the place where, and the person from whom the same was purchased, and the actual cost thereof, price actually paid or to be paid therefor, and all charges thereon; that no discounts, bounties or drawbacks are contained in said invoice but such as have been actually allowed thereon; that no different invoice of the merchandise mentioned in said invoice has been or will be furnished to any one, and that the currency in which said invoice is made out is that which was actually paid or is to be paid for said merchandise.

I further declare _____

I further declare that it is intended to make entry of said merchandise at the port of⁴ _____

in the United States of America.

Dated at LONDON, ENGLAND, this _____

_____ day of _____, 19 _____

PURCHASED BY IMPORTER.

Invoice No. _____ issued in { Triplicate
Quadruplicate

Certified _____, 19 _____

Here mark the forms
"Original," "Duplicate,"
and "Triplicate" re-
spectively:

AMERICAN CONSULAR SERVICE

AT

LONDON, ENGLAND.

Date _____, 19 _____

Seller _____

Purchaser _____

Name of vessel or railroad _____

Port of Shipment, LONDON.

Port of arrival _____

Port of entry _____

Amount of invoice _____

Kind of goods _____

LONDON, ENGLAND

CUSTOM-HOUSE INDORSEMENT.*

No. _____

Importer _____

Vessel _____

From _____

Arrived _____

Kind of Entry: _____

Marks, Quantity, and Contents: _____

* Consular officers will leave all of above indorsement blank. It is to be filled in only at the custom house at the port of entry.

FACTURA

	N.B.—Always state the cost of packing, and all other costs, charges, and expenses
--	---

The above invoice is correct and true.

(Signature of purchaser or seller or agent of either.) -

have continued to confine their shipments to vessels belonging to members of the ring. The Deferred Rebates are sometimes paid in two lots of 5%, one at the end of, say, six months, and the other at the end of twelve months.

In order to obtain these rebates a claim has to be made on the form provided by the individual steamship companies.

Should a shipper despatch goods by a line outside the ring, he forfeits the rebate.

It may further be mentioned that, in addition to this rebate, an additional rebate of 5% is distributed among a number of privileged firms, and the method of division and distribution is kept a profound secret by those who partake. This is known as a "Secret" Rebate.

INSURANCE.—The reader who has studied the Bill of Lading shown between pp. 500-1, will have noticed that the liability of the shipowner is very limited; hence the necessity for insuring the goods against the risks which are not undertaken by the shipowner.

As soon as it is known that goods will be despatched by a certain steamer, the insurance should be attended to. Goods may be insured W.P.A. (With Particular Average) or F.P.A. (Free of Particular Average). These terms are fully explained in the chapter on Marine Insurance, so that it is only necessary to state here that when goods are insured F.P.A. the underwriter is liable only in case of total loss, or the ship is burnt, stranded, or sunk; whereas, if the goods are insured W.P.A. he is liable for all losses caused by the perils insured against. As to whether goods should be insured W.P.A. or F.P.A. depends to a large extent on the nature of the goods. If they would suffer damage through contact with sea-water, or through rough handling, they should be insured W.P.A., but if they are goods which are not likely to suffer damage through such-like causes, it is sufficient to insure them F.P.A., the rate for this class being lower than that for the former. The procedure adopted in arranging an insurance is somewhat as follows—

The particulars of the goods to be insured, and the voyage, are submitted to several insurance companies in order that they may give quotations. On receipt of these quotations the shipper decides which (all things considered) is the most favourable, and he then places his business with that company which quotes the best terms. He may arrange for the insurance of a single shipment or he may arrange an insurance for a large amount and declare against

it each time he makes a shipment. Pending the preparation of the policy it is usual for the Insurance Company to issue a Provisional Note, which is a temporary acknowledgment of the insurance. The form used is similar to the following—

No. 57141.

COVERING NOTE

THE UNDERWRITERS' ASSOCIATION, LTD.

Manchester, 17th January 19 ..

Messrs. *Thomas James & Co.*

We hold you covered for

£200 on Goods

per "*Cymric*" s.s.

from *Liverpool*

to *New York*

at _____ per cent.

For The Underwriters' Association, Ltd.,

J. Brown.

Warranted free from capture, seizure, and detention, and the consequences thereof, or of any attempt thereat, piracy excepted, and also from all consequences of riots, insurrections, hostilities, or warlike preparations whether before or after declaration of war. Including risk of Craft.

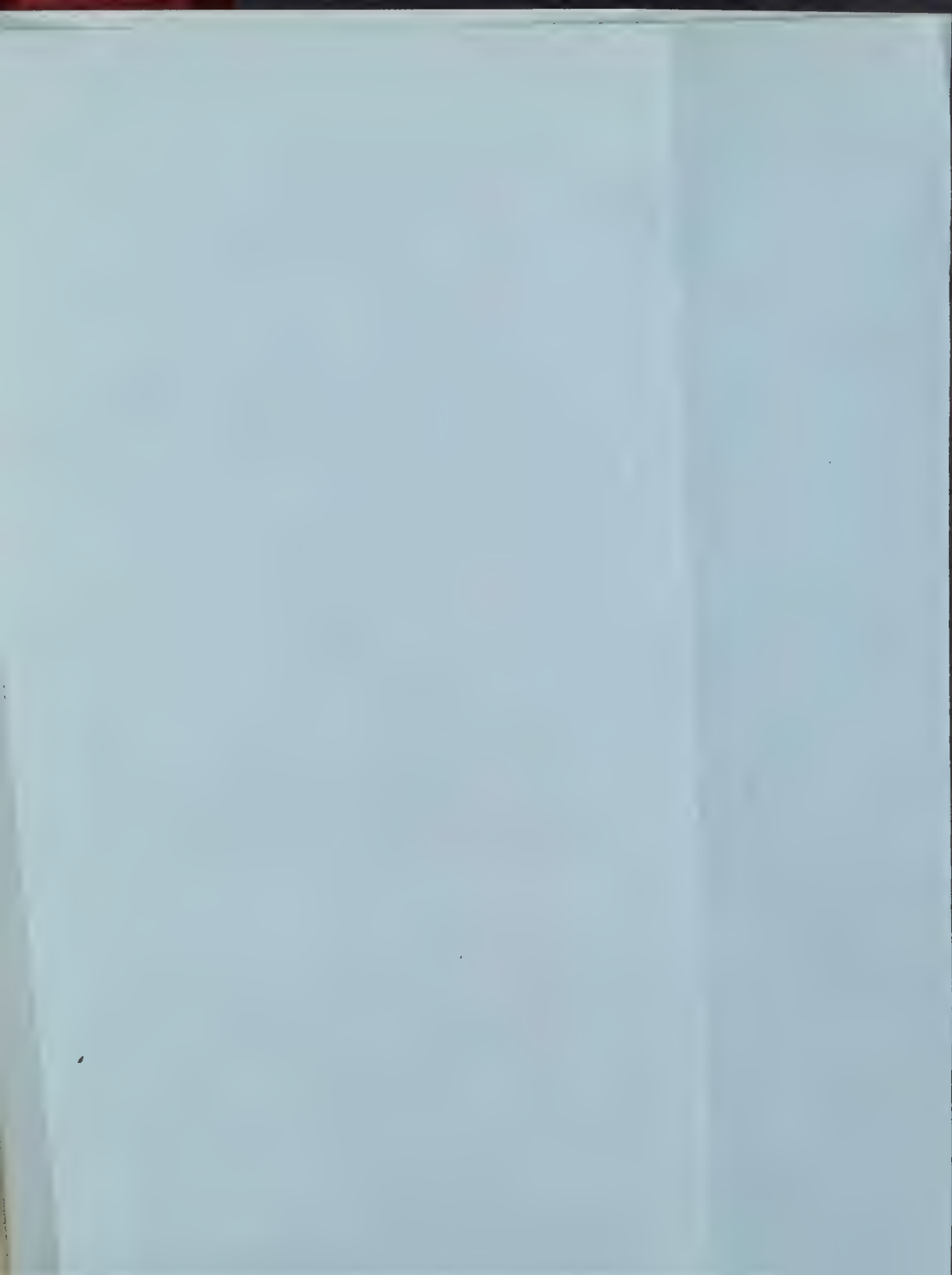
As soon as the shipper knows the exact particulars of the goods which are being despatched he must send a declaration to the insurance company giving these particulars. This declaration is usually worded in terms similar to those shown below.

MANCHESTER, 29th Dec. 19 ..

THE OVERSEA INSURANCE CO.

Dear Sirs,

We request you to insure the undermentioned packages against all risks whatsoever, from the time of leaving the warehouse, at point of departure, until safely delivered into the warehouse of the consignee; including all risks whilst waiting shipment^{and} or reshipment, and particularly of fire^{and} or water while in the custom



LONDON, E.C. 1.

6000-0-0.

148x.—bet pp. 510 & 511.

t
or
me

o

r

an
ics

ds
ne
is

t
t
f
a
u



as well in *their* own Name, as for and in the Name and Names of all and/or as Agents every other Person or Persons to whom the same doth, may, or shall appertain, in part or in all, do make assurance and cause *themselves* and them and every of them, to be insured, lost or not lost, at and from



Swansea to Buenos Ayres

Any person not an Underwriting Member of Lloyd's subscribing this Policy, or any person uttering the same if so subscribed, will be liable to be proceeded against under Sec. 31 of Lloyd's Act.

Including all risks from warehouse to warehouse

upon any Kind of Goods and Merchandises, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture, of and in the good Ship or Vessel called the

Musketeer

S. G.

£100

whereof is Master, under God for this present Voyage, *Brown* or whosoever else shall go for Master in the said Ship, or by whatsoever other Name or Names the same Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods and Merchandises from the loading thereof aboard the said Ship as above

upon the said Ship, &c.,

and shall so continue and endure, during her Abode there, upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises whatsoever, shall be arrived at as above upon the said Ship, &c., until she hath moored at Anchor Twenty-four Hours in good Safety, and upon the Goods and Merchandises, until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this Voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever

without Prejudice to this Insurance. The said Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured, by Agreement between the Assured and Assurers in this Policy, are and shall be valued at
as under
on 70 Boxes Tinplates valued at £100

To pay average if amounting to 3 % on each 20 boxes

A C 144

Buenos Ayres

or on the whole.

Including risk of breachage.

Touching the Adventures and Perils which we the Assurers are contented to bear and do take upon us in this Voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints and Detainments of all Kings, Princes, and People, of what Nation, Condition, or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses, and Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, &c., or any Part thereof; and, in case of any Loss or Misfortune, it shall be lawful to the Assured, their Factors, Servants, and Assigns, to sue, labour, and travel for, in and about the Defence, Safeguard and Recovery of the said Goods and Merchandises and Ship, &c., or any part thereof, without prejudice to this Insurance; to the Charges whereof we, the Assurers, will contribute, each one according to the Rate and Quantity of his Sum herein assured. And it is especially declared and agreed that no Acts of the Insurer or Insured in recovering, saving, or preserving the property insured, shall be considered as a waiver or acceptance of abandonment. And it is agreed by us, the Insurers, that this writing or Policy of Assurance shall be of as much Force and Effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London. *Warranted nevertheless free of capture, seizure and detention, and the consequences thereof, or of any attempt therat, piracy excepted, and also from all consequences of hostilities or warlike operations, whether before or after declaration of war.* And so we the Assurers are contented, and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods, to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for this Assurance by the Assured, at and after the rate of

12/6 per cent.

IN WITNESS whereof, we the Assurers have subscribed our Names and Sums assured in London, 30 July, 19..

N.B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per Cent.; and all other Goods, also the Ship and Freight, are warranted free from Average under Three Pounds per Cent., unless general, or the Ship be stranded, sunk, burnt, on fire, or in collision.

To pay General Average and Salvage Charges according to Foreign Statement, or York and Antwerp Rules if so claimed. Including all liberties and exceptions as per Bill or Bills of Lading or Charter Party, and all and/or every risk in craft to and/or from the vessel or vessels, all risks including fire, from the warehouse of the Consignor by any conveyances by land or by water, and whilst awaiting shipment, and until safely delivered into the warehouses of the Consignees and/or of their Agents. Each craft, or lighter, or package, or the deck-load to be deemed a separate insurance. Any deviation and/or transshipment and/or change of voyage not covered by this insurance, and/or any inaccuracy in description of voyage, interest, name of vessel, clauses or conditions, to be held covered at an adequate premium to be hereafter arranged.

London 30 July, 19...

Musketeer

Swansea to Buenos Ayres

£100 @ 12½%

LLOYD'S,



LONDON.

In the event of accident whereby loss or damage may result in a claim under this Policy the settlement will be much facilitated if immediate notice be given to the nearest Lloyd's Agent

dy, 19...

Muskeleer

ea to Bucnos Ayres

12'6%



LONDON.

nt whereby loss or damage may result
s Policy the settlement will be much
notice be given to the nearest Lloyd's

house at Buenos Ayres ^{and} or Montevideo ^{and} or Rosario, for a period not exceeding sixty days from the date of entry therein.

We are, dear sirs,

Yours very respectfully,

A. ELLIS & Co.

Mark.	No.	Description of Package.	Value.	Vessel.	Captain.	From.	To.
A & F	3650	Case	£60	s.s. "London"		Liverpool	Buenos Ayres
	3651	Bale	46	"		"	"
	3652	Bale	46	"		"	"
	3653	Case	52	"		"	"
			<u>£204</u>				

On receipt of the declaration, the insurance company proceeds to make out the policy, which if it covers only one shipment, is known as a Voyage Policy.

In the event of the shipper arranging for an open policy, he would declare the value of each shipment as it occurred, the form given below being a specimen of such a declaration.

MANCHESTER, 5th December, 19..

THE OVERSEA INSURANCE, CO., LTD.,
LONDON.

Dear Sirs,

We beg to advise having forwarded the undermentioned packages for shipment which you will please declare on open policy

of Messrs. Sebastien & Co., Buenos Ayres, leaving a balance of £940 undeclared.

Against all risks whatsoever, from the time of leaving the warehouse at point of departure, until safely delivered into the warehouse of the consignee, including all risks whilst waiting shipment and re-shipment.

We are, Dear Sirs,

Yours very respectfully,

HENRY BROWN & SONS.

Mark.	No.	Description of Package.	Value.	Vessel.	Captain.	Form.	To.
S & Co. 1	1303	Case	£80	"Araby"		Liverpool	Buenos Ayres

Examples of the two kinds of policies referred to will be found between pp. 510-11.

When the policy comes to hand it should be carefully scrutinised to see that all the risks which it is intended shall be covered are specified, and it may be well to point out that the ordinary "All risks" clause in the policy only operates as far as the Port of Destination; consequently, where it is desired to insure against such risks as earthquakes, fire at custom house, inland journeys, etc., these risks should be specially mentioned in the policy; in fact, the best way to insure is "From warehouse to warehouse," and it should be noted that the amount insured should be the value of the goods delivered free to the customer, plus a reasonable margin for profit.

Further information on this subject is given in Chapter XXIV.

INVOICING.—As soon as it is known that the goods have been placed on board the vessel, the preparation of the invoices may be taken in hand. This is a very important branch of work and requires great care and attention if trouble with customers is to be avoided. The clerk responsible for making out these documents must take particular care that all charges are included, and on no account should an invoice be sent out without being checked by a person other than the one who has made it out. It is usual to make at least three copies of shipping invoices, and although the forms vary to a considerable extent, the particulars usually given are shown on the specimens of actual invoices which appear in the

following pages. If an error should be discovered after an invoice has been forwarded it is better to rectify the error by means of a Debit Note or a Credit Note as the case may require. This is more convenient than sending a corrected invoice, as shipping invoices are often of considerable length, and the sending of a corrected invoice frequently leads to confusion.

EXPORT INVOICE: LOCO.

INVOICE of goods shipped by CROWTHER, DINSDALE & Co. per s.s. *Irkutsk* for *Tangier* for account and risk of Messrs. *Collins & Holley*.

# 1	1	Crate containing 4 nests, each nest 5 Trunks, M 1824 Japaned fancy colours. 2/- 2/4 2/10 3/4 4/- each 14 16 18 20 22 inches Less 50%							
C & H.									
TANGIER									
		Gross 1.1.6 net 1.0.12.				2	18	0	
		Crate 3/- Carriage 1/8				1	9	0	
						1	13	8	
# 2/5	4	Crates as above				6	14	8	
									8 8 4
# 6	1	Bdle. 1 doz. Square end Shovels No. 3 Gross 0.2.13 net 0.2.12 Bdle., 9d. Carriage 1/-				18	0		
						1	9		
									19 9
# 7	1	Case 1 doz. Pickaxes 0.2.21 @ 21/- cwt. 1 doz. Handles for same 9/- doz. Gross 1.1.2 net 1.0.4 Case 4/6 Carriage 1/4				14	5		
						9	0		
						5	10		
									1 9 3
# 8/17	10	Brls. Pickled Herrings .. Gross 2.2.17 Net 1.3.4 ..	18/-			9	0	0	
# 18/27	10	Brls. Smoked Herrings .. Gross 1.0.22 Net 0.3.16	17/6			8	15	0	
									17 15 0
	5	Bags, each 2 cwt. Ballam Substitute Rice = 10 cwt.							
			9/6						4 15 0
		Charges ; Freight, Marine Insurance, Entry Dock and Town Dues, Railway Carriage, Cartage, B/L, Shipping & Posts							33 7 4
									8 8 6
		E. & O. E., Liverpool, 18th Dec., 19..							£41 15 10

EXPORT INVOICE: F.O.B.LONDON,
4th June, 19..


Messrs. Wyles & Lopez, Barcelona.

Bought of J. GRIFFITHS & Co., LTD.

Manufacturers of Cork Carpet, Floor Cloth, Leather cloth, etc.

Forwarded per s.s. *Espanol* from London for Barcelona.

Insurance not effected here.

 BARCELONA	1	Case containing				
	1	pc. 44" W. Leather Cloth ..			7	8
	1	" 5/4 A " " " " ..			8	0
	4	pcs. 6/4 F. Napkin Unbordered..	16/6	3	6	0
	8	" " " " Bordered ..	18/6	7	8	0
					£11	9 8
			F.o.b. London.			

Meas't. 4' 9" x 1' 3" x 1' 1"


Net weight C 1. 2. 1Gross " C 1. 3. 13EXPORT INVOICE: C.I.F.MANCHESTER,
3rd July, 19..

Messrs. Plank, Barron & Co., Alexandria.

Bought of ALLCORN & KNIGHT, LTD.,

Merchants, Manufacturers, Packers and Shippers.

Forwarded per "City of Delhi" s.s. from Liverpool to Alexandria.


 ALEXANDRIA	2	Bales Coloured Striped Drills s 196				
		each piece on a board and in canary				
		paper				
		"Two Leopards" ticket				
	#	160 75 pcs.	3744 yds.			
	#	161 75 "	3745 "			
		150 pcs. 25½"	7489 yds. @ 2½d.			
			per yd.	£79	19	3
c.i.f. Alexandria						
	#	160 161				
		412 413 Kos. net				
		435 436 " with paper & boards				
		447 448 " gross.				
		3'6" x 2'2" x 2' 9".				

EXPORT INVOICE : FRANCO DOMICILEBRADFORD,
12th October, 19

Messrs. Bertet, Renaudie & Cie, Roubaix.

Dr. to ALEXANDER, MUNN & Co.

Sent for your account and risk to The Goole Steam Shipping Co., Goole for Shipment per next steamer to Messrs. Jules Petit & fils, Boulogne.

1	Bale		
60	Bdls. 2/12 Coating (600 lbs.)		
		Kilos 272.15 @ Fcs. 4.60	1251.90
		Discount 3 %	37.55
			<u>Fcs. 1214.35</u>
	Franco domicile		
	Roubaix.		
	Due 30th November, 19..		

FINANCING.—Now that the goods have been shipped, the insurance attended to, and the invoices prepared, it is time to consider how payment for the goods is obtained. There are many ways in which the accounts of shippers are settled, but it is proposed to deal with only a few of the methods—

(1) The simplest case is that in which the shipper forwards the shipping documents, *i.e.*, Bill of Lading (B/L), Insurance Policy, and Invoice direct to the consignee and at the same time draws a Bill of Exchange on the consignee for the amount of the invoice. This Bill of Exchange is sent to a banker in this country who forwards it to his agent abroad for collection at maturity. When collected, the proceeds of the bill, less the bankers' charges for collection, are credited to the account of the shipper.

(2) To carry on an extensive business on the method outlined above requires a large capital, as the shipper often has to wait a long time before receiving payment for his goods. Thus he is deprived of the use of his capital. To obviate this, bankers advance money to shippers on security of the shipping documents. The procedure is as follows—

Arrangements are made between banker and shipper that the former shall advance either the whole or an agreed percentage of the value of the shipments, the shipper hypothecating the shipping documents as security. As the Bills of Lading are included in the shipping documents, this gives the banker control over the goods.

When a shipment is made, the shipper forwards to the banker the *full set* of Bills of Lading, the Insurance Policy, Invoice, and Bill of Exchange drawn on the consignee. A shipper is sometimes required to sign a Letter of Hypothecation, of which the following is a specimen—

MANCHESTER,
12th July, 19..

To the Directors of the Blankshire Bank, Ltd.
LONDON

Gentlemen,

We enclose herewith 30 days' sight bill drawn by ourselves on Messrs. Jones & Co., Bombay, for £600, and as security, forward with the said bill shipping documents for the following goods—

Invoice for 10 bales Prints valued at £600.

Policy of Insurance F.P.A. for £700 payable in Bombay.

Bill of Lading for 10 bales Prints marked C. & Co., Bombay,
1/10 per s.s. "City of York."

From Birkenhead to Bombay.

The freight on which amounting to £6 5s. 0d., is paid by ourselves.

These documents are to be given up on payment of the bill. If the said bill should suffer dishonour, we hereby authorise you to cause the said goods to be sold, such sale being for our account, at our risk, and subject to the usual charges for commission, and all incidental expenses.

Against the above, please advance 90%, viz., £540, as arranged.

Yours faithfully,

THOMAS BROWN & CO., LTD.

On receipt of these documents, the banker credits the account of the shipper with the percentage agreed upon, and advises him to this effect. The Bill of Exchange and shipping documents are sent by the banker to his agent abroad, who is instructed to present the Bill of Exchange for acceptance to the person on whom it is drawn, and to deliver up the shipping documents either on acceptance or on payment of the bill of exchange according to the arrangement made between the banker and the shipper on this side. It is

obvious that if the banker had the slightest doubt about the Bill of Exchange being met at maturity he would not deliver the shipping documents until the Bill had been actually paid, but where the standing of the firm on whom the bill is drawn is good, the banker's agent is instructed to deliver the documents on acceptance.

When the Bill is accepted or paid, as the case requires, the documents are delivered to the acceptor, and the agent advises the banker in this country, who credits the account of the shipper with the amount of the margin, that is, the difference between the full amount of the bill and the amount already advanced against it. Interest is charged on the amount advanced, from the date of the advance to the date the proceeds are received in this country, and interest is allowed on the amount kept as margin.

(3) It is a custom with many foreign houses to open credits at London Banks in favour of certain shippers. When such an arrangement is made the shipper draws drafts on the foreign house and forwards them to the London banker whose instructions are to pay such drafts if accompanied by all shipping documents. In this way the shipper receives his money as soon as the goods are shipped.

(4) Another method of financing is that of drawing drafts on bankers. In this case the banker allows the shipper to draw on him to a certain agreed amount, on the understanding that the shipper reimburses the banker before the drafts become due. Security may or may not be given, but this depends on the standing of the shipper and of the firms to whom shipments are made. The shipper simply draws his draft on the banker and forwards it to him for acceptance. When the draft is accepted it is returned to the shipper who discounts it with a bill broker. As bankers will accept bills drawn by reliable firms only, such bills can be easily negotiated in the market. It has been pointed out that the shipper undertakes to reimburse the banker before the drafts become due, and it is to the interest of the shipper to see that the banker is never called upon to meet such drafts, as the credit of the shipper is thereby seriously injured. In discounting such drafts, the shipper applies to several bill brokers for the rates at which they are prepared to discount the bankers' bills, and, as in all business transactions, the broker who quotes the best terms (other things being equal) gets the business.

(5) A further case in which drafts on bankers are used is to cover bills drawn on customers abroad who are unknown to the bankers. An arrangement is made whereby the bill drawn on the customer is forwarded through the banker for collection. At the same time the shipper draws a draft on the banker, and this bill is accepted by the banker and discounted by the shipper in the usual way. The bill drawn on the banker matures *after* the date of maturity of the bill drawn on the customer, so that by the time the bill accepted by the banker is due, he is reimbursed by the collection of the proceeds of the bill drawn on the customer.

In most of the above instances it will be seen that the shipper obtains money at once with which to carry on his business. There are many other special arrangements made with bankers, as, for example, the advancing of money against evidence of shipment such as a single bill of lading, but the above are sufficient to show how great is the assistance rendered by bankers to the shipping trade.

CONSIGNMENTS.—A very considerable export business is done on what is called the Consignment basis. This term implies that the goods which are being shipped are not in fulfilment of definite orders received by the shipper, but are sent out to be sold at the best prices obtainable. It frequently happens that shippers, in order to introduce their goods to a new market, will arrange that goods shall be sent out to a reliable agent abroad, to be sold by him to the best advantage. In such cases the shipment is made in the usual way, and frequently a Bill of Exchange is drawn on the agent for a proportion of the value of the consignment. It is also customary to send the agent a Pro Forma Invoice in order that he may have some idea of the price at which he must sell the goods if the venture is to be profitable. It must be understood that the goods are the property of the shipper and not of the agent. Even after the goods are sold, but not paid for, the agent is not responsible for their payment unless by special arrangement, in which case he is known as a "Del Credere" Agent, and he receives an extra commission for the risk which he thus takes. (See Chapter on "Agents.")

When the goods are sold the agent forwards to the shipper an Account Sales showing the amount the goods have realised. From this amount the agent deducts his commission and any expenses which have been incurred in the landing and disposing of the goods.

The amount remaining represents the net proceeds for which a remittance is sent to the shipper in due course.

ACCOUNT SALES OF 10 CASES OF MACHINERY RECEIVED FROM

JONES & Co., LONDON, PER S.S. " SPEEDY "

J	Δ	C	10		£	s.	d.	£	s.	d.
								900	0	0
L				Cases Machinery.. ..						
				Less Charges—						
				Landing, Carting, etc...	3	0	0			
				Insurance	1	0	0			
				Commission $2\frac{1}{2}\%$..	22	10	0			
				Del Credere 1 % ..	9	0	0			
								35	10	0
								<u>£864</u>	<u>10</u>	<u>0</u>
				Draft for £600 accepted against above						
				E. & O. E.						
(Signed)				Robins & Co.,						
				Cape Town, July 12th, 19..						

When an agent is frequently receiving goods on consignment it is customary to arrange remittance terms, that is, he remits at his convenience, sums of money on account of goods delivered to or sold by him. Where such an arrangement is in operation a running account, called a Current Account, is kept. Interest is usually charged on the debit items and allowed on the credit items, the account being made up at certain arranged intervals, say quarterly, half-yearly, or yearly. A specimen of such an account is given on the next page, and the way in which the interest is calculated should be noted.

It will be noticed that the interest is calculated by the product method, and that the interest on the debit items is charged at $3\frac{1}{2}\%$ while that on the credit items is charged at 4 %. The rule for calculating the interest is to multiply the number of pounds by the number of days from the due date to the date on which the account is made up. The product is placed in the column headed "Products."

When the rate of interest to be charged on both debit and credit items is the same, the balance of the product numbers is obtained, and this balance is multiplied by double the rate per cent. and divided by 73,000. In the case before us, however, the interest on the debit items is $3\frac{1}{2}\%$ while that on the credit items is 4 %. We therefore multiply the total of the debit products by 7, that is

Red indicated by heavy type

3½ % INTEREST ON DEBIT ITEMS, 4 % ON CREDIT ITEMS

Dr.	Date.	Particulars.	Due.	Amount.	Days.	Products.	Date.	Particulars	Due.	Amount.	Days.	Products.
	1910.						1910.					
	Jan. 1	To Balance..	Jan. 1	£1240	0	225680	Jan. 9	By Bill 2 m/d.	Mar. 12	£1240	0	136400
	Feb. 2	" Goods ..	Mar. 2	450	0	54000	Feb. 24	" Goods ..	" 24	1000	0	98000
	" 29	" " 29	" 29	280	0	26040	Mar. 29	" Bill 1 m/d.	May 2	730	0	43070
	Mar. 24	" Bill 4 m/d.	July 27	1000	0	27000	June 30	" Bal Int'rst				27000
	May 6	" Goods ..	June 6	35	0	840	" "	" Interest ..		3	19	5
						306560						304470
						7						8
						2145920						2435760
		" Balance of Interest Numbers				289840		" Balance c/d		31	0	7
				£3005	0	0				£3005	0	0
						2435760						2435760

double the rate per cent. chargeable on debit items, and the total of the products on the credit side by 8. A balance of the numbers is then ascertained and this divided by 73,000 which gives the result in pounds. It should be noticed that if the total of the numbers on the credit side is greater than that on the debit side the interest is credit interest.

A further peculiar feature of this Current Account is the introduction of what is usually spoken of as "Contra" Interest. On reference to the item on the debit side, March 24, it will be noticed that the due date of this bill is July 27, which is a date later than the date on which the account is made up. It would, therefore, be quite wrong to charge interest on the amount of this bill; as a matter of fact, instead of charging interest, interest must be allowed from the 30th June until the date the bill matures. This is effected by transferring the product of this item, namely, 27,000 to the credit side of the account. (See item 30th June, By Red Interest.)

On the Continent some countries reckon thirty days to each month; consequently when working on the product system the divisor is 72,000.

QUESTIONS

1. What are the duties of a Buyer?
2. What is a C.I.F. quotation, and how is it made out?
3. From the following particulars work out price per piece (a) on the C. & F. Basis; (b) F.O.B. :—
Cost of goods £20 1s. 8d., case 10s. 6d., patterns 7d., freight 5s. 9d., Bill of Lading 6d., commission £1 9s. 11d., discount $2\frac{1}{2}\%$ on cost of goods. No. of pieces 150.
4. State what you know of Indents. What particulars does an Indent give?
5. What is a Confirmatory Indent, and for what purpose is it used?
6. On receipt of an Indent, what are the buyer's duties?
7. Explain fully "Status Enquiries," giving specimen letters connected therewith.
8. Write a short description of the usual routine in making up and packing goods.
9. When goods are packed, how are the packages made easy of identification?
10. Explain the necessary procedure when goods are sent from an inland town to the port of departure.

11. Give a specimen of a Freight Note. For what purpose is it used ?
12. When packages are sent from the shipper's warehouse to the dock, and he attends to the shipment without the assistance of a shipping agent, what is the procedure ?
13. What do you know of Bills of Lading ?
14. What information is contained in a Bill of Lading ?
15. In what ways may freight be charged ?
16. What are the cubic measurements of a case 5 ft. 3 ins. long, 2 ft. 5 ins. wide, and 3 ft. deep ?
17. Explain " Primage."
18. What document is it necessary to make out in order to secure preferential duties from certain colonies ? Name the countries allowing preferential duties.
19. State what you know of the use of Consular Invoices.
20. Explain the nature of a system of Deferred Rebates.
21. What is a " Secret " Rebate ?
22. What do you know of Insurance (a) W.P.A., (b) F.P.A. ?
23. State briefly the procedure adopted in arranging an insurance.
24. What is a Provisional Note ? Give a specimen.
25. State what you know of the making out of shipping invoices.
26. An error is discovered after an invoice has been forwarded. What is the best means of rectifying it ?
27. In what ways may accounts of shippers be settled ?
28. A shipper often has to wait some time before receiving payment for his goods, and is thus deprived of the use of his capital. How can this be remedied ?
29. What is a letter of Hypothecation ? Give a specimen.
30. Explain the method of financing by drawing drafts on bankers.
31. What is a Consignment ?
32. State the procedure in exporting goods on the Consignment basis.
33. What is a Current Account, and for what purpose is it used ?
34. Give a specimen Current Account with at least six entries, reckoning interest on all items at 3 %.
35. Make out a Current Account and reckon interest on the debit items at 3 % and on the credit items at $3\frac{1}{2}$ %.
36. Explain the methods of calculating interest for Current Accounts.
37. What do you know of " Contra " Interest ?

CHAPTER XXX

THE METRIC SYSTEM

THE metric system of weights and measures is now used in most civilised countries—Great Britain, the United States, and Russia being the exceptions. In our own country many attempts have been made to introduce the metric system, but without success, the great objection to a change from the present cumbrous weights and measures to systematic ones being the confusion that might take place during the change. If Great Britain were to adopt the metric system of weights and measures, it is certain that the United States and Russia would follow suit; and there would then be an international system, which would be a great gain to all concerned.

The fundamental principle of the metric system is that there is one definite unit taken for each set of measures, and the remainder are powers of ten of this unit. It will at once be seen, therefore, that the arithmetic of questions given in the metric system is much simpler than in the British system of weights and measures.

The metric system is a decimal one. The basis of all measurements is the metre; the word *metre* being derived from the Greek *metron*, a measure. The secondary units are either multiples or sub-multiples of the unit, *e.g.*, a decametre is ten metres, a centimetre one-hundredth of a metre. The metre was intended to be the ten-millionth part of the length of the direct distance from the Pole to the Equator. After the introduction of the metric system, a more accurate determination of the earth's size was made, and it was found that the metre was not quite the length it was intended to be; but no change was made, and the system was used in France in 1801, its use gradually extending to other countries.

For practical purposes the metre is defined as being the length of a certain platinum bar kept in the Archives at Paris, but many accurate copies of this bar have been made, its length in English measurement being 39·37079 inches, *i.e.*, 3·28089 feet.

In the metric system the metre (and also the corresponding unit of area, volume, weight, etc.), is sub-divided into tenths,

hundredths, thousandths, etc., and there are also multiples of the unit—10, 100, 1,000, and so on. For the construction of a table, therefore, as soon as the unit is known, the multiples are formed by the use of the Greek words *deca*, *hecto*, *kilo*, *myria*, as prefixes, and the sub-divisions by the use of the Latin words *deci*, *centi*, *milli*.

Thus, the following are measures of length—

Myriametre	=	10,000	times unit.	Abbreviation used—	Mm.
Kilo	„	=	1,000	„ „ „ „	Km.
Hecto	„	=	100	„ „ „ „	Hm.
Deca	„	=	10	„ „ „ „	Dm.
Metre	=	Unit		„ „	m.
Decimetre	=	$\frac{1}{10}$	of unit	„ „	dm.
Centi	„	=	$\frac{1}{100}$	„ „	cm.
Milli	„	=	$\frac{1}{1000}$	„ „	mm.

It will be seen that the secondary units are some power of 10 greater or less than the fundamental unit, and the reduction from one denomination to another is performed by multiplying or dividing by some power of ten. Hence the metre (or other unit) has the same relation to its multiples and sub-multiples as the unit figure in decimal notation has to the figures to the left and right of it, so that, in multiplying or dividing, there is no change in the figures but simply an alteration in the position of the decimal point.

The unit of area is called the **Are**. It is equal to a square, each of whose sides is ten metres. The Are is, therefore, 100 square metres. The hundredth part of the Are is called the Centiare, so that the Centiare is equal to one square metre. The units of volume, capacity, and weight are, respectively, the cubic metre (often called a Stere), the Litre, (equal in volume to a cube, each of whose sides is a tenth part of a metre), and the gramme. The Kilo (or Kilo-gramme) is the common unit of weight for trade. The centigramme and milligramme are used for scientific purposes.

In using the metric system, for all practical purposes we need only the following—

Length. The metre, divided into 1,000 millimetres. The metre can be squared for measures of surface, or cubed for measures of volume.

Capacity. The Litre, divided into decilitres.

Weight. The Kilo, divided into 1,000 grammes.

MEASURE OF LENGTH

The fixed unit is the metre, which is a little longer than a yard.

1 metre = 39·37079 inches.

1 yard = 91·4399 centimetres.

10 millimetres

(mm.) = 1 centimetre.

10 centimetres

(cm.) = 1 decimetre.

10 decimetres

(dm.) = 1 **metre**.

10 metres

= 1 decametre.

10 decametres

(Dm.) = 1 hectometre.

10 hectometres

(Hm.) = 1 kilometre.

10 kilometres

(Km.) = 1 myriametre.

(Mm.)

The micron = $\frac{1}{1000000}$ metre is used for extremely small measures.

MEASURE OF AREA

The unit of land measurement is 10,000 square metres, which is called a hectare. The *are* is therefore the square decametre.

1 are = 119·603 sq. yds.

1 sq. mile = 258·98945 hectares.

10 centiares

($\frac{1}{100}$ are) = 1 deciare.

10 deciares

($\frac{1}{10}$ are) = 1 **are**.

10 ares

= 1 decare.

10 decares

= 1 hectare.

MEASURE OF VOLUME

The unit is the cubic metre, called a stere.

1 stere = 1·30802 cub. yds.

1 cub. yd. = 0·7645 sterics.

10 decisteres = 1 stere.

10 sterics = 1 decastere.

MEASURE OF CAPACITY

The unit of capacity is the cubic decimetre, which is called a litre.

1 litre = 1·7608 pints.

1 gallon = 4·5435 litres.

10 millilitres

(ml.) = 1 centilitre.

10 centilitres

(cl.) = 1 decilitre.

10 decilitres

(dl.) = 1 **litre**.

10 litres

= 1 decalitre.

10 decalitres

(Dl.) = 1 hectolitre.

10 hectolitres

(Hl.) = 1 kilolitre (Kl.).

MEASURE OF WEIGHT

The unit of weight is the weight of a cubic centimetre of distilled water at 4° Centigrade, and at a normal pressure of 760 millimetres.

1 gramme = 15·4323 grains.

1 kilogramme = 2·20462 lbs. avdp.

1 grain = 0·0648 grammes.

1 lb. avoirdupois = 0·4536 kilogr.

10 milligrammes

(mg.) = 1 centigramme.

10 centigrammes

(cg.) = 1 decigramme.

10 decigrammes

(dg.) = 1 **gramme**.

10 grammes

= 1 decagramme.

10 decagrammes

(Dg.) = 1 hectogramme.

10 hectogrammes

(Hg.) = 1 kilogr. (Kg.).

100 kilogrammes is called a quintal.

1,000 kilogrammes is called a tonneau.

The first table below gives the English equivalents for all the ordinary measures and weights of the metric system, and the second table gives the metric equivalents of the English, or imperial, weights and measures.

TABLE I

Metric Table

LINEAR MEASURE

1 millimetre = 0·03937 ins.

1 centimetre = 0·3937 ins.

1 decimetre = 3·937 ins.

1 metre = { 39·37079 ins.

{ 3·280843 ft.

{ 1·0936143 yds.

1 decametre = 10·936 yds.

1 hectometre = 109·36 yds.

1 kilometre = 0·62137 miles.

SQUARE MEASURE

1 sq. centim. = 0·15500 sq. ins.

1 sq. decimetr. = 15·500 sq. ins.

1 sq. metre or = { 10·7639 sq. ft.

{ 1·1960 sq. yds.

1 are = 119·603 sq. yds.

1 hectare = 2·4711 acres.

CUBIC MEASURE

1 cubic centim. = 0·0610 cub. in.

1 cubic decim. = 61·024 cub. ins.

1 cubic metre = { 35·3148 cub. ft.

{ 1·307954 c.yds.

MEASURE OF CAPACITY

1 centilitre	= 0.070 gills.
1 decilitre	= 0.176 pints.
1 litre	= 1.75980 pints.
1 decalitre	= 2.200 gallons.
1 hectolitre	= 2.75 bushels.

MEASURE OF WEIGHT

	Avoirdupois.
1 milligramme	= 0.015 grs.
1 centigramme	= 0.154 grs.
1 decigramme	= 1.543 grs.
1 gramme	= 15.432 grs.
1 decagramme	= 154.323 grs.
1 hectogramme	= 3.527 ozs.
1 kilogramme	= { 15432.3564 grs. 2.20462 lbs.
1 quintal	= 1.968 cwt.
1 tonneau	= 0.9842 tons.

A gramme is also equivalent to 0.03215 oz. or 15.432 grains troy, and to 0.2572 drams, or 0.7716 scruples, or 15.432 grains apothecaries' weight,

TABLE II

LINEAR MEASURE

1 inch	= 25.400 mm.
1 foot	= 0.30480 metre.
1 yard	= 0.914399 "
1 fathom	= 1.8288 "
1 pole	= 5.0292 "
1 chain	= 20.1168 "
1 furlong	= 201.168 "
1 mile	= 1.6093 km.

SQUARE MEASURE

1 sq. inch	= 6.4516 sq. cm.
1 sq. foot	= 9.2903 sq. dm.
1 sq. yard	= 0.836126 sq. m.
1 perch	= 25.293 sq. m.
1 rood	= 10.117 ares.
1 acre	= 0.40468 hectare.
1 sq. mile	= 259.00 hectares.

CUBIC MEASURE

1 cubic inch	= 16.387 cub. cm.
1 cub. foot	= 0.028317 cub. m.
1 cub. yard	= 0.764553 cub. m.

MEASURE OF CAPACITY

1 gill	= 1.42 decilitres.
1 pint	= 0.568 litre.
1 quart	= 1.136 litres.
1 gallon	= 4.5459631 litres.
1 peck	= 9.092 litres.
1 bushel	= 3.637 dl.
1 quarter	= 2.909 hl.

APOTHECARIES' MEASURE

1 minim	= 0.059 millilitre.
1 fl. scr.	= 1.184 millilitres.
1 fl. dr.	= 3.552 "
1 fl. oz.	= 2.84123 cl.
1 pint	= 0.568 litre.
1 gallon	= 4.5459631 litres.

AVOIRDUPOIS WEIGHT

1 grain	= 0.0648 gm.
1 dram.	= 1.772 gm.
1 ounce	= 28.350 gm.
1 pound	= 0.45359243 kil.
1 stone	= 6.350 kilograms.
1 quarter	= 12.70 "
1 cwt.	= { 50.80 " 0.5080 quintal.
1 ton	= { 1.0160 tonneaux. 1016 kilograms.

TROY WEIGHT

1 grain	= 0.0648 gm.
1 pennywt.	= 1.5552 "
1 troy oz.	= 31.1035 "

APOTHECARIES' WEIGHT

1 grain	= 0.0648 gm.
1 scruple	= 1.296 "
1 drachm	= 3.888 "
1 ounce	= 31.1035 "

LINEAL MEASURES (ENGLISH) WITH THEIR METRIC EQUIVALENTS

Yards	Inches	Metres	Metres	Yards	Inches
	$\frac{1}{2}$	0.013	0.001		0.04
	1	0.025	0.002		0.08
	2	0.051	0.003		0.12
	3	0.076	0.004		0.16
	4	0.102	0.005		0.20
	5	0.127	0.006		0.24
	6	0.152	0.007		0.28
	7	0.178	0.008		0.32
	8	0.20	0.009		0.35
	9	0.23	0.01		0.39
	10	0.25	0.02		0.79
	11	0.28	0.03		1.18
	12	0.30	0.04		1.57
	13	0.33	0.05		1.97
	14	0.36	0.06		2.36
	15	0.38	0.07		2.76
	16	0.41	0.08		3.15
	17	0.43	0.09		3.54
	18	0.46	0.10		3.94
	19	0.49	0.20		7.87
	20	0.51	0.30		11.81
	30	0.76	0.40		15.75
1		0.91	0.50		19.68
2		1.83	0.60		23.62
3		2.74	0.70		27.56
4		3.66	0.80		31.50
5		4.57	0.90		35.43
6		5.49	1.00	1	3.37
7		6.40	2.00	2	6.74
8		7.32	3.00	3	10.11
9		8.23	4	4	13.48
10		9.14	5	5	16.85
20		18.29	6	6	20.22
30		27.43	7	7	23.59
40		36.58	8	8	26.97
50		45.72	9	9	30.33
60		54.86	10	10	33.70
70		64.01	20	21	31.40
80		73.15	30	32	29.10
90		82.30	40	43	26.80
100		91.44	50	54	24.50
200		182.88	60	65	22.21
300		274.32	70	76	19.91
400		365.75	80	87	17.61
500		457.19	90	98	15.31
600		548.63	100	109	13.01
700		640.06	200	218	26.02
800		731.51	300	328	3.03
900		822.95	400	437	16.04
1,000		914.38	500	546	29.05
			600	656	6.05
			700	765	19.06
			800	874	32.06
			900	984	9.07
			1,000	1,093	22.08

LIQUID MEASURES (ENGLISH) WITH THEIR METRIC
EQUIVALENTS

Pints	Quarts	Gallons	Litres	Decilitres	Litres	Gallons	Pints
1	1	..	..	6	1	..	$1\frac{3}{10}$
2—		..	1	1	2	..	$3\frac{1}{10}$
3		..	1	7	3	..	$5\frac{3}{10}$
4		..	2	3	4	..	7
5		..	2	8	5	1	1
6		..	3	4	6	1	3
7		..	4	..	7	1	4
8—		1	4	5	8	1	6
		2	9	1	9	2	0
		3	13	6	10	2	2
		4	18	2	11	2	3
		5	22	7	12	2	5
		6	27	3	13	2	7
		7	31	8	14	3	1
		8	36	3	15	3	2
		9	40	9	16	3	4
		10	45	4	17	3	6
		11	50	..	18	4	0
		12	54	5	19	4	1
		13	59	1	20	4	3
		14	63	6	21	4	5
		15	68	1	22	4	7
		16	72	7	23	5	..
		17	77	2	24	5	2
		18	81	8	25	5	4
		19	86	3	26	5	6
		20	90	9	27	6	0
		21	95	4	28	6	1
		22	99	9	29	6	3
		23	104	5	30	6	5
		24	109	..	40	8	6
		25	113	6	50	11	..
		30	136	3	60	13	2
		40	181	7	70	15	3
		50	227	2	80	17	5
		60	272	6	90	19	6
		70	318	..	100	22	..
		80	363	5	200	44	..
		90	408	9	300	66	..
		100	454	3	400	88	..
		200	908	7	500	110	..
		300	1,363	..	600	132	..
		400	1,817	4	700	154	..
		500	2,271	7	800	176	..
		600	2,726	1	900	198	..
		700	3,180	4	1,000	220	..
		800	3,634	8	2,000	440	1
		900	4,089	1	3,000	660	2
		1,000	4,543	4	4,000	880	2
		2,000	9,086	8	5,000	1,100	3

WEIGHTS (ENGLISH) WITH METRIC EQUIVALENTS

Ozs.	Lbs.	Qrs.	Cwts.	Tons	Kilos	Gram.	Gram.	Kilos	Cwts.	Qrs.	Lbs.	Ozs.
1	..	..	..	..	..	28	100	..				3
2	..	..	..	..	..	57	200	..				7
3	..	..	..	..	..	85	300	..				10
4	..	..	..	..	..	113	400	..				14
5	..	..	..	..	..	142	500	..			1	2
6	..	..	..	..	..	170	600	..			1	5
7	..	..	..	..	..	198	700	..			1	9
8	..	..	..	..	..	227	800	..			1	12
9	..	..	..	..	..	255	900	..			2	0
10	..	..	..	..	..	283		1			2	3
11	..	..	..	..	..	312		2			4	6
12	..	..	..	..	..	340		3			6	10
13	..	..	..	..	..	369		4			8	13
14	..	..	..	..	..	397		5			11	0
15	..	..	..	..	..	425		6			13	4
16=	1	..	..	..	..	453		7			15	7
	2	..	..	..	..	907		8			17	10
	3	..	..	..	1	361		9			19	13
	4	..	..	..	1	814		10			22	1
	5	..	..	..	2	268		11			24	4
	6	..	..	..	2	721		12			26	7
	7	..	..	..	3	175		13		1	0	11
	8	..	..	..	3	628		14		1	2	14
	9	..	..	..	4	082		15		1	5	1
	10	..	..	..	4	535		20		1	16	1
	11	..	..	..	4	989		21		1	18	5
	12	..	..	..	5	443		22		1	20	8
	13	..	..	..	5	897		23		1	22	11
	14	..	..	..	6	350		24		1	24	15
	15	..	..	..	6	803		25		1	27	2
	16	..	..	..	7	257		26		2	1	5
	17	..	..	..	7	711		27		2	3	8
	18	..	..	..	8	165		28		2	5	12
	19	..	..	..	8	618		29		2	7	15
	20	..	..	..	9	071		30		2	10	2
	21	..	..	..	9	525		40		3	4	3
	22	..	..	..	9	979		50		3	26	4
	23	..	..	..	10	432		60	1	0	20	4
	24	..	..	..	10	886		70	1	1	14	5
	25	..	..	..	11	340		80	1	2	8	6
	26	..	..	..	11	793		90	1	3	2	7
	27	..	..	..	12	247		100	1	3	24	7
	28=	1	..	..	12	700		200	3	3	20	15
		2	..	..	25	401		300	5	3	17	6
		3	..	..	38	101		400	7	3	13	13
	112 or	4=	1	..	50	802		500	9	3	10	5
			2	..	101	605		600	11	3	6	12
			3	..	152	407		700	13	3	3	3
			4	..	208	210		800	15	2	27	11
			5	..	254	012		900	17	2	24	2
			10	..	508	024		1000	19	2	20	10
	2240 or	20=	1	..	1016	048						

CHAPTER XXXI

BRITISH AND FOREIGN WEIGHTS AND MEASURES

(BRITISH)

THE standard of measurement is the Imperial yard, a length fixed by Act of Parliament in 1878. It is a solid square bar in the custody of the Board of Trade, and copies of it are kept in various places. For the convenience of the public, a copy is exhibited, amongst other places, on the outer walls of Greenwich Observatory.

The standard of weight is the pound. This is the weight of a carefully preserved piece of platinum shaped like a cylinder, measuring 1.35 in. high, and 1.15 in. in diameter.

The standard of capacity is the gallon. This contains ten Imperial standard pounds' weight of distilled water weighed in air against brass weights, with the water and the air at a temperature of 62° F., and with the barometer at 30 in.

I. MEASURE

LONG MEASURE

3 Barleycorns	= 1 Inch (25.4 millimetre).
12 Lines	= 1 Inch.
2½ Inches	= 1 Nail.
3 Inches	= 1 Palm.
4 Inches	= 1 Hand (used in measuring horses).
9 Inches	= 1 Span.
12 Inches	= 1 Foot ($\frac{3}{10}$ of a metre).
18 Inches	= 1 Cubit.
3 Feet	= 1 Yard (36 in.).
2½ Feet	= 1 Pace (military).
5 Feet	= 1 Pace (geometrical).
6 Feet	= 1 Fathom.
5½ Yards (198 in.)	= 1 Rod, Pole, or Perch.
4 Poles (100 lks.)	= 1 Chain (66 feet).

240 Yds.	= 1 Cable's lgth.
10 Chns. (220 yds.)	= 1 Furlong.
8 Furlongs	= 1 Mile (1,760 yds.).
3 Miles	= 1 League.
3 Knots	= 1 Nautical Lg.
1.151 Miles	= 1 Knot or Nautical Mile (2,027 yards).
69½ Miles (60 Geog.)	= 1 Degree.

SQUARE MEASURE

144 Sq. Inches	= 1 Square Foot.
9 Sq. Feet	= 1 Square Yd.
30½ Sq. Yards	= 1 Square Pole, Rod, or Perch.
40 Perches	= 1 Rood.
4 Roods	= 1 Acre (4,840 sq. yds.)
640 Acres	= 1 Sq. Mile.

CUBIC MEASURE

1,728 Cubic In.	= 1 Cubic Foot.
27 Cubic Ft.	= 1 Cubic Yard.

The following are special measures of length—

(a) CLOTH MEASURE

(For cloths, linens, silks, etc., Scotch and Irish linen are measured by the yard. Dutch linen is bought by the Flemish ell and sold by the English. Tapestry is generally sold by the Flemish ell.)

2½ Inches	= 1 Nail.
4 Nails	= 1 Quarter (of a yard).
3 Quarters	= 1 Flemish Ell.
4 Quarters	= 1 Yard.
5 Quarters	= 1 English Ell.
6 Quarters	= 1 French Ell.

(b) COTTON YARN MEASURE

120 Yards	= 1 Skein.
7 Skeins	= 1 Hank.
18 Hanks	= 1 Spindle.

(c) LAND MEASURE

(Land is measured by means of Gunter's chain. This chain is 22 yards long, and consists of 100 links.)

7·92 Long Inches	= 1 Long Link.
25 Long Links	= 1 Long Pole.
4 Long Poles	= 1 Long Chn.
80 Long Chns.	= 1 Long Mile.
62·7264 Sq. In.	= 1 Sq. Link.
625 Sq. Links	= 1 Square Pole.
16 Sq. Poles	= 1 Sq. Chain.
10 Sq. Chn.	= 1 Acre.

(d) LINEN YARN MEASURE

300 Yards	= 1 Cut.
12 Cuts	= 1 Hank.
16 Hanks	= 1 Bundle.

(e) PAPER MEASURE

24 Sheets	= 1 Quire.
20 Quires	= 1 Ream.
516 Sheets	= 1 Printer's Rm.
2 Reams	= 1 Bundle.
10 Reams	= 1 Bale.

(f) TIMBER MEASURE

1 Load (unhewn timber)	= 40 Cub. Ft.
1 Load (squared timber)	= 50 Cub. Ft.
1 Ton of Shipping	= 40 Cub. Ft.
1 Stack	= 108 Cub. Ft.
1 Cord	= 128 Cub. Ft.

There are also various "Standards" used for measuring timber. The principal are:

<i>Christiania</i>	= 103½ Cubic Feet.
(120 Deals, 11' × 9" × 1¼")	
<i>London</i>	= 120 Cubic Feet.
(120 Deals, 12' × 9" × 3")	
<i>Quebec</i>	= 275 Cubic Feet.
(120 Deals, 10' × 11" × 3")	
<i>St. Petersburg</i>	= 165 Cubic Feet.
(120 Deals, 6' × 11" × 3")	

(g) WORSTED YARN MEASURE

80 Yards	= 1 Skein.
7 Skeins	= 1 Hank.
144 Hanks	= 1 Gross.

OTHER MEASURES

ANGULAR MEASURE

60 Seconds (")	= 1 Minute.
60 Minutes (')	= 1 Degree.
30 Degrees (°)	= 1 Sign.
45 Degrees	= 1 Octant.
60 Degrees	= 1 Sextant.

90 Degrees	= 1 Quadrant.
360 Degrees	= 1 Circle.

MEASURES OF TIME

60 Seconds	= 1 Minute.
60 Minutes	= 1 Hour.
24 Hours	= 1 Day.
7 Days	= 1 Week.
28 Days	= 1 Lunar Mth.
28, 29, 30, or 31	= 1 Calendar Month.
12 Calendar Months	= 1 Civil Year
365 Days, 5 hrs., 48 m., 51 s.	= 1 Mean Solar Year.
366 Days	= 1 Leap Year.
36,524 Days	= 1 Century.

The addition of a day every fourth year, leap year, does not keep the Calendar quite correct. It is a little too much. The difference amounts to about 3 days in 400 years. Three years in every four centuries, therefore, are not counted as leap years, and it has been arranged that those centennial years which are not divisible exactly by 4, when the two last ciphers are taken away, shall not be counted as leap years. Thus 1800 and 1900 were not leap years—but 2000 will be. After the last named year there will be no centennial leap year until 2400.

NUMERICAL MEASURES

12 Articles	= 1 Dozen.
13 Articles	= 1 Baker's Doz.
12 Dozen	= 1 Gross.
12 Gross	= 1 Great Gross.
20 Articles	= 1 Score.
5 Score	= 1 Hundred.
6 Score	= 1 Great Hund.

ROAD MEASURES IN VARIOUS COUNTRIES

Length of Mile in English Yards.

America (mile)	. . . 1,760
Austria (mile, post)	. . . 8,297
Belgium (Kilometre)	. . . 1,094
China (Li)	. . . 609
Denmark (mile)	. . . 8,238
England (Statute mile)	. . . 1,760
" (Geogr.)	. . . 2,025
France (old mile)	. . . 2,132
France (Kilometre)	. . . 1,094
Germany (Geogr.)	. . . 8,101
" (long)	. . . 10,126
" (mile metric)	. . . 1,640

Holland (legal mile)	. . . 1,094
India (Bengal mile)	. . . 2,000
Ireland (old)	. . . 2,240
Italy (mile)	. . . 2,025
Norway (mile)	. . . 12,182
Portugal (mile)	. . . 2,250
Russia (Verst)	. . . 1,167
Saxony (post mile)	. . . 7,432
Scotland (old)	. . . 1,977
Spain (mile)	. . . 1,522
Sweden (mile)	. . . 11,690
Switzerland (mile)	. . . 8,584

20 Pennywts.	= 1 Ounce (480 grains.)
12 Ounces	= 1 Pound (5,760 grains.)
100 Pounds	= 1 Hundredwt.

Troy weight is used for gold, silver (and articles made of gold and silver), platinum, and precious stones.

The standard for gold coin is 22 carats fine gold and 2 carats alloy; for silver, 11 oz. 2 dwt. silver and 18 dwt. alloy.

The following are special weights—

II. WEIGHT

AVOIRDUPOIS WEIGHT

27·343 Grains	= 1 Dram.
16 Drams	= 1 Ounce (437·5 grains). ¹
16 Ounces	= 1 Pound (lb.) (7,000 grs.)
14 Pounds	= 1 Stone. ²
28 Pounds	= 1 Quarter.
100 Pounds	= 1 Cental.
4 Quarters	= 1 Hundredwt. (112 lb.) (cwt.).
20 Hundredwts.	= 1 Ton.

¹ A grain is the same in all weights.

² Butcher's stone is 8 lb.

APOTHECARIES' WEIGHT (OLD)

20 Grains	= 1 Scruple ℥.
3 Scruples	= 1 Dram, $\frac{3}{4}$ (60 grains).
8 Drams	= 1 Ounce, $\frac{3}{4}$ (480 grs.).
12 Ounces	= 1 Pound, lb. (5,760 grs.).

Drugs are compounded by this weight.

Physicians and chemists use these weights in dealing with prescriptions. In the British Pharmacopœia avoirdupois weight is used.

There is also what is called an Apothecaries' Fluid Measure (also used in photography).

6 Minims (m.)	= 1 Drachm.
8 Drachms	= 1 Ounce.
20 Ounces	= 1 Pint.
8 Pints	= 1 Imp. Gallon.
1 Teaspoonful	= 1 Drachm.
1 Dessertspnfl.	= 2 Drachms.
1 Tablespoonful	= 4 Drachms.

TROY WEIGHT

3·17 Grains	= 1 Carat.
24 Grains	= 1 Pennywt. (dwt.).

(a) BUTTER AND CHEESE WEIGHT

8 Pounds	= 1 Close.
56 Pounds	= 1 Firkin.
84 Pounds	= 1 Tub.
112 Pounds	= 1 Dutch Cask.
224 Pounds	= 1 Barrel.
356 Pounds	= 1 Suffolk Wey.
236 Pounds	= 1 Essex Wey.

(b) COAL WEIGHT

(In addition to Avoirdupois Weight)

1 Sack	= 1 Hundredwt.
1 Large Sack	= 2 Hundredwt.
7 Tons	= 1 Room.
21 Tons 4 cwt.	= 1 Barge or Kl.
20 Keels	= 1 Shipload.

("All coal shall be sold by weight only, except where by the written consent of the purchaser it is sold by boatload, or by wagons or tubs delivered from the colliery into the works of the purchaser. . . . Where any quantity of coal exceeding 2 cwt. is delivered by means of any vehicle to a purchaser, the seller of the coal shall deliver, or cause to be delivered, or to be sent by post or otherwise, to the purchaser or to his servant, before any part of the coal is unloaded, a ticket or note" in a prescribed form.—*Weights and Measures Act, 1889.*)

(c) FISH WEIGHT AND MEASURE

1 Barrel (an-chovies)	= 30 lbs.
1 Quintal	= 112 lb.
1 Box (sal-mon)	= 120 to 130 lb.
4 Fish	= 1 Warp.
33 Warps	= 1 Long Hund.
10 Long Hund.	= 1 Thousand.

10 Thousand	= 1 Last.
500 Herrings	= 1 Cade.
1,000 Sprats	= 1 Cade.
600 Herrings	= 1 Mease.

(d) FLOUR WEIGHT

14 Pounds	= 1 Peck or Stone.
40 Pounds	= 1 Boll.
56 Pounds	= 1 Bushel.
196 Pounds	= 1 Barrel.
280 Pounds	= 1 Sack.

(Bread is usually sold in 4-lb. and 2-lb. loaves, that is, quarters and half-quarters. Unless it is of the class known as "fancy bread," it must be weighed in the presence of the buyer. It is forbidden, by statute, to sell bread by the peck.)

(e) HAY WEIGHT

56 Pounds	= 1 Truss (old hay)
60 Pounds	= 1 Truss (new hay).
36 Trusses	= 1 Load.
1 Square Yard	= 6 Stone (new hay).
1 Square Yard	= 9 Stone (old hay).

(f) STRAW WEIGHT

36 Pounds	= 1 Truss.
36 Trusses (11 cwt. 64 lb.)	= 1 Load.

(g) WOOL WEIGHT

7 Pounds	= 1 Clove.
20 Pounds	= 1 Score.
2 Cloves	= 1 Stone.
2 Stones	= 1 Tod.
12 Score	= 1 Pack.
6½ Tods	= 1 Wey.
2 Weyes	= 1 Sack.
12 Sacks	= 1 Last.

OTHER WEIGHTS

Almonds	...basket	...1½-1½ cwt.
"	...seron	...1½-2 cwt.
"	...box (Jordan)	...25 lb.
Arsenic	...cask	...4 cwt.
Ashes	...cask (American)	...3½-5 cwt.
"	...cask (Russian)	10 cwt.
Beef	tierce of 38 pieces (Irish)	...304 lb.
	firkin	...100 lb.
	band	...200 lb.
Bristles	...cask	...10 cwt.
Bullion	...bar	...15-30 lb.
Camphor	...box	...1 cwt.

Candles	...barrel	...120 lb.
Cassia	...chest	...60 lb.
Cinnamon	...bale	...92½ lb.
Clover seed	...sack	...2-3½ cwt.
" seed	...cask	...7-9 cwt.
Cloves	...matt	...80 lb.
"	...chest	...200 lb.
Cochineal	...seron	...140 lb.
"	bag	...200 lb.
"	70,000 insects to	1 lb.
Cocoa	...bag	...1 cwt.
"	...cask	...1½ cwt.
Coffee	...barrel or robin	1-1½ cwt.
"	...bag	...1½-1½ cwt.
"	...tierce	...5-7 cwt.
"	...bale (Mocha)	2-2½ cwt.
Copperas	...hhd.	...16-20 cwt.
Currants	...caroteel	...5-9 cwt.
"	...butt	...15-20 cwt.
Feathers	...bale	...1 cwt.
Figs	...drum (Turkey)	...24 lb.
"	...frail (Faro)	...32 lb.
"	...frail (Malaga)	...56 lb.
"	...barrel	96 lb. to 2¾ cwt.
Flax	...matt, (Dutch)	...126 lb.
"	...bale (Flemish)	...2 cwt.
"	...bale (Russian)	5-6 cwt.
Galls	...sack	...3½ cwt.
Ginger	...bag (Jamaica)	...1 cwt.
"	...bag (E. Indies)	...1 cwt.
"	...bag (Barbadoes)	1½ cwt.
Glass	...stone	...5 lb.
"	...seam	...24 stone.
Gum	...chest (Turkey)	...4 cwt.
"	Arabic chest (E. Indies)	6 cwt.
Gunpowder	...barrel	...100 lb.
"	last (24 barrels)	2,400 lb.
Hemp	...stone	...32 lb.
Hops	...pocket	...1½-2 cwt.
"	...bag	...3½ cwt.
Honey	...gallon	...12 lb.
Indigo	...seron	...250 lb.
Lead	...fodder or fother	19½ cwt.
Liquorice	juice	...case
	...case	...1½ cwt.
Mace	...case	...1½ cwt.
Madder	...cask	...15-23 cwt.
Magnesia	...chest	...1 cwt.
Meat	...stone	...8 lb.
Molasses	...puncheon	...10-12 cwt.
Mustard	...cask (small)	...9-18 lb.
"	...cask (large)	...18-36 lb.
Nutmegs	...cask	...200 lb.
Nuts	...bag (Barcelona)	126 lb.
"	...bag (Messina)	1½-1½ cwt.

Opium	....chest (Turkey)	136 lb.
"	....chest (E. Indies)	149½ lb.
Pepper	....bag (free trade)	¼, ½, or 1 cwt.
"	....bag (white)	...168 lb.
"	....bag (black)	...316 lb.
Pimento	....bag	.....1 cwt.
Plums	....carton	.....9 lb.
"	....½ box	.....20 lb.
Pork	....firkin (Irish)	..100 lb.
"	....tierce	.....304 lb.
Potash	....barrel	.....200 lb.
Potatoes	....cwt.	.....120 lb.
Prunes	....barrel	.....1-3 cwt.
"	....puncheon	..10-12 cwt.
Quicksilver	....bottle	.....84 lb.
Rags	....bale (Hamburg)	2½ cwt.
"	....bale (Mediterranean)	..4½-5 cwt.
Resin	....barrel	...about 2 cwt.
Raisins	....drum (Valencia)	24 lb.
"	....box	30-40 lb.
"	....cask (Malaga)	..1 cwt.
"	....box	22 lb.
"	....cask (Turkey)	2½ cwt.
Rice	....bag (E. Indies)	1½ cwt.
"	....cask (America)	..6 cwt.
Sago	....bag	.....1 cwt.
"	....chest	.....1½ cwt.
Salmon	....box	120-130 lb.
Salt	....bushel	.....56 lb.
Saltpetre	....bag	.....1½ cwt.
"	....barrel	.....1 cwt.
Shellac	....chest	.....1-3 cwt.
Soap	....firkin	.....64 lb.
"	....barrel	.....256 lb.
"	....chest	.....3½ cwt.
Soda	....cask	.....3-4 cwt.
Steel	....fagot	.....120 lb.
Sugar	....bag (E. Indies)	1-1½ cwt.
"	....matt or bag (Mauritius)	..1-1½ cwt.
"	....tierce (W. Indies)	7-9 cwt.
"	....hhd (W. Indies)	13-16 cwt.
Sugar candy	....box	.....70 lb.
Tallow	....cask	.....9 cwt.
Tapioca	....barrel	.....1½ cwt.
Tea	....chest (Congou)	..80 lb.
"	...." (Hyson)	60-80 lb.
"	...." (ordinary)	84 lb.
Tiles	....load	.....1,000
Tobacco	....hhd.	.....12-18 cwt.
Turpentine	....barrel	....2-2½ cwt.

Vermilion	..bag	.....50 lb.
Walnuts	...bag	.....1 cwt.

III. CAPACITY

DRY MEASURE

4 Gills	= 1 Pint.
2 Pints	= 1 Quart.
2 Quarts (4 pt.)	= 1 Pottle.
2 Pottles (4 qt.)	= 1 Gallon.
2 Gallons	= 1 Peck.
4 Pecks	= 1 Bushel.
3 Bushels	= 1 Sack.
4 Bushels	= 1 Coomb.
5 Bushels (or porter's load)	= 1 Sack of Flour.
8 Bushels	= 1 Quarter.
12 Sacks	= 1 Chaldron.
5 Quarters (40 bushels)	= 1 Wey or horse-load.
10 Quarters	= 1 Last.

ALE AND BEER MEASURE

4 Gills	= 1 Pint.
2 Pints	= 1 Quart.
4 Quarts	= 1 Gallon.
9 Gallons	= 1 Firkin.
2 Firkins (18 gallons)	= 1 Kilderkin.
2 Kilderkins	= 1 Barrel.
1½ Barrel	= 1 Hogshead.
2 Hogsheads	= 1 Butt.
2 Butts	= 1 Tun.

WINE MEASURE

4 Gills	= 1 Pint.
2 Pints	= 1 Quart.
4 Quarts	= 1 Gallon.
10 Gallons	= 1 Anker.
18 Gallons	= 1 Runlet.
31½ Gallons	= 1 Barrel.
42 Gallons	= 1 Tierce.
63 Gallons	= 1 Hogshead.
84 Gallons	= 1 Puncheon.
2 Hogsheads	= 1 Pipe or Butt.
2 Pipes	= 1 Tun.

OTHER WINE AND SPIRIT MEASURES

1 Hogshead of Claret.	= 46 gals.
1 Butt of Sherry	= 108 "
1 Pipe of Port	= 115 "
1 Pipe of Madeira	= 92 "
1 Pipe of Marsala	= 93 "
1 Puncheon of S. Whiskey	= 112-120 "
1 Puncheon of Brandy	= 100-110 "

1 Hgshd. of Bdy. =	45-55	gals.
1-Cask of Bdy. =	26-28	"
$\frac{1}{2}$ Pipe of Cider =	100-118	"
1 Pnchn. of Rum =	90-100	"
1 Hgshd. of Rum =	45-50	"
1 Tun of Wine =	240	"
1 Pipe or Butt =	108-117	"

MISCELLANEOUS

Bricks, Load of =	500.
Glass, Seam of =	120 lb.
Law Papers, 1 Folio =	72 Words.
Potatoes, Sack of =	168 lb.

(FOREIGN)

ARGENTINE REPUBLIC. The metric system is in use.

AUSTRIA-HUNGARY. The metric system is in use. The names, however, of the weights and measures are the same as those used in the German Empire.

BELGIUM. In this country, too, the metric system is in use, and the names of the various weights and measures are the same as those used in France with the following exceptions:—the kilogram is called the *livre*, the litre the *litron*, and the metre the *anne*.

BRAZIL. In addition to the metric system, there are certain weights and measures in use which are derived from the old Portuguese. The principal are the following:—

(a) *Length*; the *covada* = 26.247 inches, and the *vara* = 3.64 feet.

(b) *Weight*; the *arratel* = 1.0118 lb., the *arroba* = 32.384 lb., and the *quintal* (100 *arratel*) = 101.18 lb.

(c) *Capacity*; the *almude* = 3.684 gals., and the *alqueire* = 1.1 bushels.

CENTRAL AMERICA. In addition to the metric system, the weights and measures of old Spain are in common use. (See *Spain*.)

CHILI (and also BOLIVIA). Same as Central America.

CHINA. At Hong Kong and the other treaty ports the British weights and measures are in use. The principal native weights and measures are as follows:—

(a) *Length*; the *fan* or *fun* = 1.41 in., the *tsun* = 1.41 in., the *chih* = 14.1 in., the *chang* = 141 in., and the *yin* = 1410 in. = 117 $\frac{1}{2}$ ft.

(b) *Weight*; the *tael* or *leang* = 4 oz., the *cattie* = 1 $\frac{1}{2}$ lb., and the *tan* or *pical* = 133 $\frac{1}{2}$ lb. The English hundredweight is equal to 84 *catties*.

(c) *Capacity*; the *ho* = 2 pts., the *sheng* = 20 pts., and the *ton* = 100 pts.

DENMARK. (a) *Length*; the *tomme* = 1.029 in., the *fod* = 1.029 ft., the *alen* = 2 *fod*, the *faven* = 6 *fod*, the *rode* = 12 *fod*, and the *mil* = 2,000 *roder* or 4.6805 English miles.

The *tônde* (a measure of area), or the *tônde land* (14,000 sq. *alen*) = 1.363 English acres.

(b) *Weight*; the *pund* = 1.102 lb., and the *centner* = 100 pound. The *pund* is subdivided into 16 *unsér* and 32 *lod*.

(c) *Capacity*; the *pod* = 1.69 pts., the *kande* = 2 *potter*, the *viertel* = 4 *kande*, the *skeppe* = 18 *potter*, the *fjerdingskar* = 2 *skepper*, the *tônde* = 4 *fjerdingskar*, and the *laest* = 12 *tônder*. The *laest* is about equal to 45.87 English bushels, and therefore the *tônde* is the equivalent of 3.82 bushels. The *anker* is a measure of 39 *potter* and equal to 8.29 English imperial gallons.

EGYPT. (a) *Length*; the *kirat* = 1.1 in., the *rub* = 6 *kirats*, the *pik* = 4 *rub*s, and the *gasab* = 4 *piks*. The *gasab* is therefore about equal to 2.88 English yards.

The *feddan* is a square measure and is equal to 400 sq. *gasab*, that is, nearly $\frac{1}{4}$ of an acre.

(b) *Weight*; the *rottolo* = 1 lb. nearly, the *oke* = 2.7 lb., and the *cantar* (or 100 *rottoli*) = 99 lb. nearly.

(c) *Capacity*; the *ardeb* is a grain measure which varies considerably, according to the grain measured. At Cairo it is equal to about 5 bushels.

FRANCE. The metric system is in use.

GERMAN EMPIRE. The metric system is that in use, but the names given to the various weights and measures are as follows:—

German.	Metric system.
Stab.	Metre.
Strich.	Centimetre.
Neuzoll.	Millimetre.

<i>German.</i>	<i>Metric system.</i>
Kette.	Decametre.
Kanne.	Litre.
Schoppen.	Half-litre.
Fass.	Hectolitre.
Neuloth.	Decagramme.

There are also the weights called the pfund, which is equal to 500 grammes, or 1·1023 lb., the centner = 100 pfund, and the tonne = 2,000 pfund. The centner, therefore, is rather less than a hundredweight (110·231 lb.), and the tonne is equal to 19·6842 cwt. In Prussia a mile = 2,000 ruthen or 4·6807 English miles, a zoll = 1·03 in., and an ell = $25\frac{1}{2}$ zoll or 2·1882 ft. In Brunswick, a mile is equal to 6·714 English miles, and in Saxony its length is 4·2227 English miles. There is also in Prussia the square measure of the morgen which is equal to ·631 English acres. In Hamburg the measure of the same name is equal to 2·3895 English acres.

GREECE. In this country the metric system is in use, but the names used are as follows—

<i>Grecian.</i>	<i>Metric.</i>
Pechus.	Metre.
Palame.	Decimetre.
Daktylos.	Centimetre.
Gramme.	Millimetre.
Stadion.	Kilometre.
Skionis.	Myriametre.
Strenna.	Are.
Litra.	Litre.
Kotyle.	Decilitre.
Mystion.	Centilitre.
Kybos.	Millilitre.
Koilon.	Hectolitre.
Drachme.	Gramme.
Obolos.	Decigramme.
Kokkos.	Centigramme.

In addition there are the mera = $\frac{1}{2}$ kilogramme, the tonos = 29·526 cwt., and the oke = 2·84 lb.

HOLLAND. The metric system is in use, but the names used are as follows—

<i>Dutch.</i>	<i>Metric.</i>
El.	Metre.
Palm.	Decimetre.
Duim.	Centimetre.
Streep.	Millimetre.

<i>Dutch.</i>	<i>Metric.</i>
Roede.	Decametre.
Mijle.	Kilometre.
Kan.	Litre.
Maatje.	Decilitre.
Vingerhoed.	Centilitre.
Vat.	Hectolitre.
Wigtje.	Gramme.
Korrel.	Decigramme.
Lord.	Decagramme.
Onze.	Hectogramme.
Pond.	Kilogramme.
Bunder.	Hectare.
The old pound = 1·088 lb.	

ITALY. The metric system is in use, but the names are as follows—

<i>Italian.</i>	<i>Metric.</i>
Metro.	Metre.
Decimetro.	Decimetre.
Centimetro.	Centimetre.
Millimetro.	Millimetre.
Decametro.	Decametre.
Ettometro.	Hectometre.
Chilometro.	Kilometre.
Miriometro.	Myriametre.
Ara.	Are.
Centiare.	Centiare.
Ettare.	Hectare.
Litro.	Litre.
Decilitro.	Decilitre.
Decalidro.	Decalitre.
Ettolitro.	Hectolitre.
Chilolitro.	Kilolitre.
Gramma.	Gramme.
Decigramma.	Decigramme.
Centigramma.	Centigramme.
Milligramma.	Milligramme.
Decagramma.	Decagramme.
Ettogramma.	Hectogramme.
Chilogramma.	Kilogramme.
Miriagramma.	Myriagramme.

JAPAN. (a) *Length*; the shaku, which is about a foot, the ken = 6 shaku, the tcho = 60 ken, and the ri = 36 tchos. The ri is, therefore, about $2\frac{1}{2}$ English miles. The square tcho = 2·4507 English acres.

(b) *Weight*; the kin, which is divided into 160 momme, equivalent to 1·3251 lb., the kwan ($6\frac{1}{2}$ kin) = 8·2817 lb., and the tan = 100 kin.

(c) *Capacity*; the shoo = ·397 gals. or ·0496 bushels, the to = 19 shoo, and the koku = 10 to.

MEXICO. The metric system is in use, but the old Spanish weights and measures are still in existence.

NORWAY. The metric system is in use.

PERSIA. (a) *Length*; the guz or zer is a measure which varies from 36 to 44 inches, and the parasang = $4\frac{1}{2}$ miles.

(b) *Weight*; the miskal = 47.5 grains, and the maund = $6\frac{1}{2}$ lb.

(c) *Capacity*; the chenica = .289 gals., the capicha = 2 chenicas, and the artata = 1.809 bushels.

PERU. The old Spanish weights and measures are in use.

RUSSIA. (a) *Length*; the vershok = $1\frac{1}{4}$ inches, the stopa = 8 vershoks, the arschine = 2 stopas, the saschen = 3 arschines, and the verst = 500 saschen. The verst is, therefore, equal to 1166.6 yds., or .633 of an English mile. The Lithuanian mile = 5.56 English miles. The dessiatine is a square measure equal to 2,400 square saschens or 2 acres, 2 roods, 32 poles.

(b) *Weight*; the funt = .9026 lb., the pud = 40 funt, the berkovitz = 10 puds, and the packen = 3 berkovitz. The packen is, therefore, about equal to 1,083 lb. The funt is subdivided into 12 lanas, or 32 lotti, or 96 zolotnicks.

(c) *Capacity*; the tscharkey = .27049 gals., the vedro = 100 tscharkeys, the anker = 8.114 gals., the chetvort = 46.2 gals., and the sarokowaja = 108.196 gals.

SERVIA. The metric system is in use.

SPAIN. The metric system is in use, and the names used are the same as in that system except that the last letter of each weight and measure ends in o instead of e, e.g., metro, litro, gramo. The word *are* is changed into *area*.

The old Spanish weights and measures, which are still in use in some parts of Central and South America, are as follows—

(a) *Length*; the Spanish foot =

10.958 inches, and the vara = 2.782 ft. The square measure the fanegada = $1\frac{1}{2}$ acres.

(b) *Weight*; the onza = .063 lb., the libra = 1.1014 lb., and the quintal = 100 libra, or 110.143 lb.

(c) *Capacity*; the cuartillo = .011 gals., the azumbre = 4 cuartillos, the cuartilla = 2 azumbres, and the arroba mayor = 4 cuartillos. The arroba mayor is, therefore, equal to about 3.55 gals.

SWEDEN. The metric system is in general use, but some of the old measures and weights used in Denmark are still to be found, e.g., the tomme of 1.029 inches, the alen, which is equal to 24 tommes or 24.714 inches; the lod is rather more than $\frac{1}{2}$ oz., and the pund = 1.102 lb. An English hundredweight = 102 Swedish punds.

SWITZERLAND. The metric system is in use. There is also the weight known as the pfund = 1.1023 lb. The pfund is divided into 16 unzen or 32 loths. The standard of length is the foot of 3 decimetres = 11.811 inches.

TURKEY. The metric system is in use, but the names applied are as follows—

<i>Turkish.</i>	<i>Metric.</i>
Arshin.	Metre.
Oke.	Kilogramme.
Cantaro.	100 kilogrammes.
Chequee.	1,000 kilogrammes.

UNITED STATES. The English imperial weights and measures are generally used, but there are also still in existence certain measures known as the old Winchester measures. These are as follows—

(a) *Liquid*; the pint and gallon are equal to .833 of the imperial pint and gallon. These apply to wines and spirits. A pint of beer = 1.017 pts.

(b) *Dry*; the pint, gallon, bushel, and quarter are equal to .969 of the same imperial measure.

CHAPTER XXXII

THE COINAGE AND MONEYS OF THE WORLD

1. BRITISH

THE authorised coinage of the United Kingdom consists of the following coins. Some of these are only issued on special occasions.

Coins.	Standard Weight Grains.	Least Current Weight Grains.	Remedy of Weight Grains.
Gold—			
Five Pound . . .	616·37239	612·500	1·000
Two Pound . . .	246·54895	245·000	0·400
Pound . . .	123·27447	122·500	0·200
Half-Sov. . .	61·63723	61·125	0·150
Silver—			
Crown . . .	436·36363	—	2·000
Dble. Florin . . .	349·09090	—	1·678
Half-Crown . . .	218·18181	—	1·264
Florin . . .	174·54545	—	0·997
Shilling . . .	87·27272	—	0·578
Sixpence . . .	43·63636	—	0·346
Groat or 4d. . .	29·09090	—	0·262
Threepence . . .	21·81818	—	0·212
Twopence . . .	14·54545	—	0·144
Penny . . .	7·27272	—	0·087
Bronze—			
Penny . . .	145·83333	—	2·91666
Halfpenny . . .	87·50000	—	1·75000
Farthing . . .	43·75000	—	0·87500

The remedy of weight is the amount of variation allowed in the fineness and weight of the coins when they are first issued from the Mint.

Standard gold contains eleven-twelfths of fine metal and one-twelfth of alloy, *i.e.*, 22 carats fine, with 2 carats of alloy. Its fineness is represented by 916·6. Twenty troy pounds of standard gold are coined into 934 sovereigns and one half-sovereign, and one troy ounce is intrinsically worth £3 17s. 10½d. One ounce of pure gold is of the value of £4 4s. 11½d.

Standard silver consists of thirty-seven parts of pure silver and three parts of alloy. Its fineness is represented by 925. One troy pound of standard silver is coined into 66 shillings.

Bronze is an alloy composed of ninety-five parts of copper four parts of tin, and one part of zinc.

Any person is entitled to take gold of a value of not less than £20,000 to the Mint and have it coined. In practice, however, the gold is taken to the Bank of England, and exchanged at once at the rate of £3 17s. 9d. per ounce.

Gold coins issued prior to 1837 (*i.e.*, pre-Victorian) are no longer legal tender in this country.

Light gold may be taken to the Bank, and the full face value allowed if the loss in weight does not exceed four grains in each sovereign, and if it appears that the coins have not been illegally or unfairly tampered with.

There is no weight fixed below which a silver coin ceases to be current.

2. FOREIGN AND COLONIAL

The Latin Union comprises the following countries:—Belgium, France, Greece, Italy, and Switzerland. The system of coinage is the same, although the names of the coins used in Greece and Italy are not those used for the coins in the other three countries.

The Scandinavian Union comprises Denmark, Norway, and Sweden.

Bulgaria, Roumania, Russia, Servia, and Spain have in part adopted a system similar to that of the Latin Union. The various moneys of the principal foreign countries are given below, names of the countries being arranged in alphabetical order to facilitate reference. The figures in brackets give the approximate value of each coin in English money.

ARGENTINE. Monetary unit, peso (paper) (1s. 9d.).

Argentino (gold) of 5 pesos (19s. 6d.).

In the Argentine Republic and Brazil, the circulating medium is principally inconvertible paper money.

For smaller amounts there are silver coins of 1 peso and also of 5, 10, 20, and 50 centavos (1 peso = 100 centavos); nickel coins of 5, 10, and 20 centavos; and bronze coins of 1 and 2 centavos.

AUSTRIA AND HUNGARY. The unit is the krone of 100 heller.

Bronze coins—1, 2 hellers ($\frac{1}{4}$ d.).

Nickel „ —10 hellers (1d.), 20 hellers (2d.).

Silver „ —1 krone (10d.), 5 kronen (4s. 2d.).

Gold „ —10 kronen (8s. 4d.), 20 kronen (16s. 8d.).

Notes are issued by the Austro-Hungarian Bank for 10, 20, 50, 100, and 1,000 kronen, and at present are at par with gold.

The silver florin piece still circulates, and will remain current as 2 kronen until further notice. The notes and all other coins of the florin (or gulden) issue have ceased to be legal tender, and should not be accepted.

AUSTRALIA. English coinage circulates throughout the Commonwealth and is the only legal tender. Australia is composed of six Federated States, and the banks in each state issue bank notes of £1 and upwards, which are legal tender only in the state where issued, and are liable to a small exchange charge if cashed in any other state than the state of issue.

The exchange varies from $\frac{1}{4}$ to $2\frac{1}{2}$ per cent., according to relative positions of the states concerned and the amount involved.

English bank notes are at a discount of 1 to $2\frac{1}{2}$ per cent.

In addition to the series of Imperial coins, there are now also current special florins shillings, sixpences, and threepenny pieces in silver, of the same weights and composition as the Imperial coins of those denominations, with special designs. These coins were first issued in 1910. Special bronze coins are also issued.

By the Australian Notes Act (assented to on September 9th, 1910), bank notes may be issued by the Commonwealth Government for 10s., £1, £5, £10, or any multiple of £10, and these are legal tender. By a later Act (assented to on October 10th, 1910) a prohibitive tax of 10 per cent. is imposed in respect of all bank notes issued or reissued by any bank of the Commonwealth after the commencement of the Act, the date of which was to be fixed by proclamation.

BELGIUM. Monetary unit—the franc of 100 centimes.

Bronze coins— 1 centime, 2 centimes ($\frac{1}{2}$ d.).

Nickel ,, — 5 centimes ($\frac{1}{2}$ d.), 10, 20 centimes.

Silver ,, —50 centimes ($4\frac{1}{2}$ d.), 1 franc ($9\frac{1}{2}$ d.),
2 francs (1s. 7d.), 5 francs (4s.).

The gold coin is the 2 franc piece (16s.).

Notes are issued by the National Bank for 20, 50, 100, 500, and 1,000 francs.

The gold and silver coins of Belgium, France, and Switzerland are current in each of these countries.

BERMUDA. English money is the legal tender, but American money is freely accepted.

BOLIVIA. Monetary unit—the boliviano of 100 centavos = 2s.

The nominal gold boliviano is valued at about 4s.

There is a circulating medium for small amounts similar to that in use in Argentina. Paper money is that which is mostly current.

BRAZIL. The unit is the milreis, of 1,000 reis.

Milreis (paper) = 1s. 4½d.

The principal gold coin is the 10 milreis (£1 2s. 8d.), and the most important silver coins are the 1,000 and the 2,000 reis (2s. 8d.).

In the South American Republics gold is invariably at a premium, and in Brazil and the Argentine Republic the circulating medium is principally inconvertible paper money.

BULGARIA. The system is the same as that of the Latin Union. The coin which is the equivalent of the franc is called the leva (9½d.), and of the centime the stotinki.

CANADA. There is no gold coinage in Canada, but the United States eagle of 10 dollars and the English sovereign are both legal tender to any amount. Silver coins are only legal tender up to 10 dollars, and minor coins up to 25 cents. The monetary unit is the 1 dollar piece, of 100 cents. The 1 cent piece (½d.) is a copper coin, while the silver coins are 5, 10, 25, and 50 cents (2s. 1d.), and dollar (4s. 2d.).

Notes are issued by the Government for 25 cents, 1, 2, and 4 dollars, and by the various Canadian banks for 5 dollars and upwards, and are in general circulation.

CANARY ISLANDS. Spanish money is the currency in use, for which see under "Spain."

CEYLON. The unit is the rupee of 100 cents (1s. 4d.). British gold is current, and there are silver coins of 10, 25 and 50 cents, and nickel coins of 5 cents.

CHILI. The monetary unit is the gold peso (1s. 6d.). There is also the peso (paper), value 10¾d. Silver (new) per peso (10¾d.).

CHINA. The unit is the tael (silver) of 10 mace or 100 conderin (2s. 4d.).

There are no gold or silver coins current in China, but certain fixed weights of silver are used. The only real coin is called the cash. It is composed of a mixture of copper, iron, and tin. A tael of silver is nominally equal to 1,000 cash, but in reality it is

worth about twice that amount. The tael also varies in different parts of China, and nearly every seaport has its own local standard. The Shanghai tael is worth rather more than 3s.

COLOMBIA. Monetary unit—peso of 100 centavos (4s. 11½d.). The value of the paper peso is about 9¾d.

COSTA RICA. Monetary unit—gold colon of 100 centesimos (1s. 11d.).

CUBA. Spanish money still circulates, but American money is everywhere accepted.

CYPRUS. The monetary unit is the piastre, which is about 1½d.

British gold is the general circulating medium. The silver coins are of 3, 4, 9 and 18 piastres, and the bronze coins are of 1, ½, and ¼ piastre.

DENMARK. See under "Norway, Sweden, and Denmark." The unit is the krone of 100 öre.

ECUADOR. Monetary unit—silver sucré of 100 centavos (2s.)

EGYPT. The unit is the piastre of 10 millièmes. There are copper, nickel, silver, and gold coins of the following values:—

Copper— ¼ millième and ½ millième (half a farthing).

Nickel — 1 millième (¼d.), 2 and 5 millièmes (1¼d.), and 1 piastre (2½d.).

Silver — 1 piastre, 2, 5, 10, and 20 piastres (4s. 1¼d.).

Gold — 50 piastres (10s. 3d.) and pound, of 100 piastres (£1 0s. 6d.).

Notes of 50 piastres and of 1, 5, 10, 50, 100 English pounds are issued by the National Bank. English sovereigns are current throughout Egypt as 97½ piastres; French 20 franc pieces, as 77 piastres; Turkish pounds as 87½ piastres.

English bank notes are subject to a varying discount.

FINLAND. The unit is the markka of 100 penni (9½d.). The gold coin is the 20 markka (15s. 9d.), and the principal silver ones the 1 markka (9½d.), and the 50 penni (4¾d.).

FRANCE. The monetary unit is the franc of 100 centimes. There are bronze, nickel, silver, and gold coins of the following values:—

Bronze— 1 centime, 2 centimes (¼d.), 5, 10 centimes (1d.).

Nickel—25 centimes (2½d.).

Silver — 50 centimes (4¾d.), 1 franc (9½d.), 2, 5 francs (4s.).

Gold — 5 and 10 francs, and the "Napoleon" or "Louis" of 20 francs (16s.).

Notes are issued by the Bank of France for 50, 100, 500, and 1,000 francs.

The silver coins previous to 1863, excepting 5 franc pieces, are not current; nor are Papal coins and the 50 cent, 1 lire and 2 lire coins of Italy.

The gold and silver coins of France, Belgium, and Switzerland are current in each of these countries; also the gold coins of Italy, and (except in Switzerland) the Austrian gold coin of 20 francs (*i.e.*, a coin minted for circulation in the Latin Union of the value of 20 francs). The Greek 2 drachmai, 1 drachma, and 50 leptá pieces are no longer accepted in France, Belgium, or Switzerland.

Caution. South American dollars, Roumanian, Spanish, and Sicilian coins are frequently passed on to travellers by unscrupulous persons in giving change. Such coins do not circulate in France, Belgium, Switzerland, or Italy, and are worth considerably less than the current coins.

GERMAN EMPIRE. The unit is the mark or reichsmark of 100 pfennige. The following are the coins in use—

Copper— 1 pfennig, 2 pfennige ($\frac{1}{4}$ d.).

Nickel — 5, 10, 20 pfennige ($2\frac{1}{2}$ d.).

Silver — 50 pfennige (6d.), 1 mark, (1s.), 2, 3, 5 marks (5s.).

Gold — 10, 20 marks (£1).

The old silver thaler, which passed current at 3 marks, is now demonetised.

Notes for 5, 10, 20, and 50 marks are issued by the State, and notes for 100 and 1,000 marks by the Reichsbank.

Various banks in Bavaria, Saxony, etc., issue notes for 100 and 500 marks.

GREECE. The system is the same as in France, the equivalent of the franc being the drachma of 100 leptá ($9\frac{1}{2}$ d.). There has been a large issue of paper money in Greece, and this is legal tender. Notes are issued for 1, 2, 5, 10, 25, 100, 500, and 1,000 drachmai. There are copper coins of 5 and 10 leptá and nickel coins of 5, 10, and 20 leptá for the divisional money.

Travellers are recommended to provide themselves with English or French gold.

Exchange: English £, 27.00 dr.; 20 francs gold, about 21.50 dr. The rate of exchange varies considerably.

HOLLAND. The unit is the gulden of 100 cents. Copper coins are minted for $\frac{1}{2}$, 1, and $2\frac{1}{2}$ cents ($\frac{1}{2}$ d.), silver for 10, 25, and 50 cents (10d.), 1 gulden (guilder) and $2\frac{1}{2}$ gulden (4s. 2d.). The gold coin is the 10 gulden (16s. 8d.).

Notes are issued by the Netherlands Bank for 10, 25, 40, 50, 60, 100, 200, 300, and 1,000 gulden.

Java has the same coinage as Holland.

HONG KONG. Notes —(per dollar—1s. $8\frac{1}{2}$ d.).

Silver —(per dollar—1s. 6d.).

There are also silver coins of 50, 20, 10, and 5 cents, and bronze coins of 1 and $\frac{1}{10}$ cents.

HUNGARY. See "Austria and Hungary."

INDIA. The principal coin circulating in India is the silver rupee, consisting of 165 grains of fine silver and 15 grains of alloy. It formerly had a circulating value of two shillings, but, owing to the fall in the price of silver its value decreased; but it has now been fixed at 1s. 4d., or one-fifteenth of a pound sterling. An Act has been passed making the British sovereign legal tender in India at the rate of 15 rupees to the sovereign, the rupee at the same time remaining legal tender to any amount.

The table of Indian money is as follows:—

3 pies, each $\frac{1}{12}$ d. = 1 pice ($\frac{1}{4}$ d.).

4 pice = 1 anna (1d.).

16 annas = 1 rupee (1s. 4d.).

15 rupees = £1 (mohur).

100,000 rupees (1,00,000) = 1 lac or lakh (£6,666 13s. 4d.).

10,000,000 rupees = 1 crore (£666,666 13s. 4d.).

Notes of the value of 5, 10, 20, 50, and 100 rupees are in circulation.

A pie is a unit of value equal to the 192nd part of a rupee.

The mode of writing large sums in rupees above 99,999 is a peculiar one; thus:—

100,000 rupees is written 1,00,000 rupees, and is read as 1 lac.

133,000 rupees is written 1,33,000 rupees, and is read as 1 lac 33,000 rupees.

Sums above 9,999,999 rupees have another comma inserted, thus:—

10,000,000 rupees is one crore of rupees; and 14,13,12,500 rupees is read as 14 crores, 13 lacs, 12,500 rupees.

Another way of quoting rupees is in tens, written thus, Rx; thus Rx 3,990,000 indicates 39,900,00 rupees.

ITALY. The coinage system is the same as in France. The coin which is the equivalent of the franc is called the lira (*pl.* lire) and of the centime the centesimo.

As in Greece, there has been a large issue of paper money. This also is worth less than its face value.

The following are the coins in use—

Copper — 1 centesimo, 2, 5, and 10 centesimi (1d.).

Nickel — 20 and 25 centesimi (2½d.).

Silver — 1 lira (9½d.), 2 and 5 lire (4s.).

Gold — 5, 10, and 20 lire (16s.).

As above noted, the money in general use is a paper currency in notes of 5, 10, and 25 lire each, issued by the Government, and notes of 50, 100, 500, and 1,000 lire issued by the following banks of issue:—Banco d'Italia, Banco di Napoli, and Banco di Sicilia.

Gold is invariably at a small premium.

Papal silver and all silver coins anterior to 1863, except 5 lire pieces, are no longer current.

The 25 lire notes are still current, but are no longer issued.

JAPAN. Monetary unit—

Yen of 100 Sen (2s. 0½d.)

Bronze— 5 Rin (½d.).

„ 1 sen (¼d.).

Nickel — 5 „ (1¼d.).

Silver — 10 „ (2½d.).

„ 20 „ (5d.).

„ 50 „ (1s. 0¼d.).

Gold — 5 Yen (10s. 2½d.).

„ 10 „ (20s. 5d.).

„ 20 „ (40s. 10d.).

JAVA. See "Holland."

Notes for various amounts are in circulation. Approximate value in English money—1s. 6¾d. per guilder.

MADEIRA. Portuguese money is the currency in use. See "Portugal."

MAURITIUS. The monetary unit is the rupee of 100 cents (1s. 4d.).

MEXICO. The unit is the dollar or peso of 100 centavos (2s.). Other coins in use are the doblon (16 pesos), ½ and ¼ doblon, 20,

10, and 5 pesos (gold), and 1 peso, 5, 10, 25, 50 centavos (silver).

NEWFOUNDLAND. The monetary system is similar to that of Canada, and Canadian coins circulate freely.

NEW ZEALAND. English coinage circulates throughout New Zealand, and is the only legal tender.

English bank notes are at a discount of 1 to $2\frac{1}{2}$ per cent.

NORWAY, SWEDEN, AND DENMARK. The unit is the kroner of 100 öre. The following are the coins in circulation—

Copper—1, 2, and 5 öre ($\frac{1}{2}$ d.).

Silver —10, 25, and 50 öre ($6\frac{3}{4}$ d.), 1 kroner (1s. $1\frac{1}{2}$ d.), 2 kroners (2s. $2\frac{3}{4}$ d.).

Gold —5, 10, and 20 kroners (£1 2s. 3d.).

Bank notes are also issued for 5, 10, 50, 100, 500, and 1,000 kroners.

The coins pass freely in all three countries. The notes also circulate freely in the principal towns, but travellers are recommended to take into the interior of these countries the notes of the particular country.

PERSIA. The unit is the kran of 20 shahis. The following is the coinage—

Gold —toman (10 krans), $\frac{1}{2}$ toman, ashрати (2 krans).

Silver —5, 10 shahis; 1, 2 krans.

The rate of the present exchange is

50 krans, silver or paper = £1.

The gold coins are not in general circulation, the coins in common use being the $\frac{1}{2}$ kran, 1 kran, and 2 krans silver pieces.

PERU. The monetary unit is the sol of 100 centimos (2s.). The gold coins are the libra of 10 sols (£1) and the $\frac{1}{2}$ libra; and the silver ones the sol, 50, 25 centimos (6d.), quinto (20 centimos), dinero (10 centimos), and $\frac{1}{2}$ dinero ($1\frac{1}{4}$ d.).

There is a large amount of paper money in existence, but this is practically worthless.

PORTUGAL.—An alteration has just been effected in the coinage system, and the three chief denominations will be the conto, the escudo, and the centavos.

1 conto = 10 escudos = 1,000 centavos.

The old coinage will still remain in circulation, at least for a time, and in calculating their comparative values the following

table will show that practically it is only the names that have changed.

1 conto = 10 escudos = 10 milreis

Escudo = milreis

Centavo = 10 reis

The escudo is worth about 4s. in English money, and the centavo about $\frac{1}{2}$ d.

Notes are issued of 500 reis and upwards. Gold is at a premium of about 5 per cent., and is not in general circulation.

The rate of exchange is very fluctuating.

ROUMANIA. The coinage is the same system as that of the Latin Union. The coin which corresponds to the franc is called the ley (*pl. lei*), and to the centime the banis.

Value in English money—Ley of 100 banis ($9\frac{1}{2}$ d.); notes, per 100 lei, (£3 16s).

RUSSIA. The unit is the rouble of 100 kopeks. The coins in circulation are—

Copper—1 kopek ($\frac{1}{4}$ d.), 2, 3, 5 kopeks ($1\frac{1}{4}$ d.).

Nickel —5, 10, 15, 20 kopeks (5d.).

Silver — $\frac{1}{4}$ (25 kopeks), $\frac{1}{2}$ and 1 rouble (2s. $1\frac{1}{2}$ d.).

Gold —5, $7\frac{1}{2}$, 10, 15 roubles (£1 12s.). The $7\frac{1}{2}$ roubles is called $\frac{1}{2}$ imperial, and the 15 roubles an imperial.

Notes of 1, 3, 5, 10, 25, 50, 100, and 500 roubles are in circulation and are at par with gold.

Russian notes as follows are now out of date and of no value—

100 Roubles dated before 1887.

50 " " " 1869.

25 " " " 1888.

10 " " " 1893.

5 " " " 1895,

3 & 1 " dated on back of notes.

SERVIA. The same system prevails as in the countries included in the Latin Union. The coin which corresponds to the franc is called the dinar ($9\frac{1}{2}$ d.), and to the centime the para. (Dinar = 100 paras.)

SOUTH AFRICA. The coinage is the same as in England, English gold and silver being legal tender. Notes are issued by the principal

South African banks, under arrangement with the Government, for 10s., £1, £5, £10, £20, and are legal tender throughout British South Africa.

English bank notes are at a discount of from 1 to $2\frac{1}{2}$ per cent.

In Portuguese territory the milreis of 1,000 reis (4s.) is principally used.

SPAIN. The system is the same as that of the Latin Union. The unit is the peseta of 100 centimos, and the coins in circulation are—

Bronze—5, 10 centimos (1d.).

Silver —50 centimos ($4\frac{3}{4}$ d.), 1 peseta ($9\frac{1}{2}$ d.), 2, 5 pesetas (4s.).

Gold —20 pesetas (16s.) and the Alfonso of 25 pesetas (£1).

Notes of 25, 50, 100, 500, and 1,000 pesetas are issued by the Bank of Spain.

Gold is at a premium of about 10 per cent., and is not in general circulation.

SWEDEN. The coinage is the same as Denmark. The krone is, however, called the krona (*pl.* kronor).

See under the heading of "Norway, Sweden, and Denmark."

SWITZERLAND. The monetary unit is the franc of 100 centimes.

The following is the coinage—

Bronze—1 centime, 2 centimes ($\frac{1}{4}$ d.).

Nickel —5, 10, 20 centimes (2d.).

Silver —50 centimes ($4\frac{3}{4}$ d.), 1 franc ($9\frac{1}{2}$ d.), 2, 5 francs (4s.).

Gold —20 francs (16s.).

Notes of 50, 100, 500, and 1,000 francs are issued by several Swiss banks under arrangement with the Government, and are available throughout Switzerland. Gold is generally at a slight premium.

The silver coins bearing the figure of Helvetia in a sitting position, with the exception of the 5 franc piece, are uncurrent, and realise only their value as silver. *See note under France.*

TURKEY. The unit is the piastre of 40 paras, and the following are the coins—

Silver—1 piastre ($2\frac{1}{4}$ d.), 2, 5, 10, 20 piastres (3s. 7d.).

Gold — $\frac{1}{4}$, $\frac{1}{2}$ and 1 lira (Turkish pound) of 100 piastres (18s.).

UNITED STATES OF AMERICA. The unit is the dollar of 100 cents. The coins in circulation are the following—

Copper—1 cent ($\frac{1}{2}$ d.).

Nickel —5 cents ($2\frac{1}{2}$ d.).

Silver —dime of 10 cents (5d.), 25, 50 cents, 1 dollar (4s. 2d.).

Gold — $2\frac{1}{2}$ dollars (10s. 5d.), 5 dollars, eagle of 10 dollars
(£2 1s. 8d), 20 dollars.

Notes, greenbacks, gold certificates, silver certificates, and National Bank notes are issued in amounts of 1, 2, 5, 10, 20, 50, 100, 500, 1,000 dollars and upwards and circulate at par with gold.

Quotations of money are invariably expressed decimally in dollars and cents; thus \$137.875 is written \$137.87 $\frac{1}{2}$ and read 137 dollars 87 $\frac{1}{2}$ cents.

URUGUAY. The monetary unit is the peso (4s. 2d.).

VENEZUELA. Monetary unit—gold bolivar of 100 centavos. (Bolivar 9 $\frac{1}{2}$ d.)

WEST INDIES.—In the British West Indies, English money circulates, but they issue their own notes.

For the moneys of Cuba and Bermuda see under those headings.

Note.—The Latin Monetary Union consists of those countries which have adopted the same standard coin, though called by different names, equal in value to the franc.

COMMERCIAL TERMS, PHRASES, AND ABBREVIATIONS

A1. This term is often applied to goods to denote that they are of the very best quality. It has fallen into constant use from the fact that Lloyd's, in classifying boats on their register, use this mark to denote ships of the highest class. The letter "A" indicates the character of the hull of the vessel, as being built in the best manner, and the numeral "1" indicates the efficient state of her stores, cables, anchors, etc.

A COMPTE (French, *on account*) means a payment in part.

"ACT OF GOD." This is a phrase met with in Bills of Lading. It signifies those perils or dangers of the sea which are beyond human power to control or oppose—some unforeseen accident or natural cause which could not have been prevented by any reasonable foresight. Such is the case where a vessel is caught by a sudden squall and capsizes, or is struck by lightning and disabled, or where a vessel founders in a storm, being at the time seaworthy, well-manned, and ably commanded. No person is legally liable for any loss arising through an "Act of God."

ADJUDICATION ORDER. An order made by the Court of Bankruptcy, by which a person is adjudged a bankrupt and his property vested in a trustee for the benefit of the creditors. This order is made on a creditor's petition after the debtor has appeared before the Court and been publicly examined as to the cause of his insolvency; but the Court may be induced to adjudge a debtor a bankrupt even when the creditors have come to no decision on the matter, or if the debtor himself applies for an Adjudication Order before his public examination.

ADMINISTRATION ORDER. An order made by the Court, in cases of small bankruptcies, for the summary administration of the estate of the debtor when his whole property is not likely to exceed £300. It is also an order granted by a County Court to a person who is unable to pay a judgment debt obtained against him (but only when the whole amount of his indebtedness does not exceed £50), by which he is permitted to pay his debts, either in full or by instalments at stated intervals, as the Court may direct. For the satisfaction of the Court the debtor must give a full list of his creditors, with the amount owing to each, together with the value of his estate and his income from all sources, and must sign a statement upon oath that he is unable to pay his debts in any other way.

AD VALOREM. This is a Latin phrase signifying that specified charges or duties are *according to the value* of the goods or articles, and not to the weight or quantity. A Customs *ad valorem* duty is, therefore, a charge of so much per cent. made on the *value* of certain articles, irrespective of their weight or quantity.

ADVANCE NOTES. These are drafts upon the owner of a vessel given

by the captain or master to the seamen when they sign their Articles of Agreement. Advance notes are, as a rule, for one month's wages, and as they are generally made payable three days after sailing, they enable the sailors to make some provision for their wives and families.

AMORTISEMENT. The redemption of loans or bonds by annual payments from a sinking fund. The sinking fund is built up for the purpose of redeeming annually such an amount of bonds as are due to be paid off, along with the interest on outstanding bonds.

ARBITRAGE. The buying of securities in one market and selling them in another. For example, buying American railway shares in London and simultaneously selling them in New York. Owing to constant fluctuation to which, from a variety of causes, all securities are liable, one market may be selling the same shares cheaper than another and then, by means of telegrams, a profitable arbitrage business might be conducted by buying the shares in the cheaper market and selling them in the dearer one.

Other branches of arbitrage, dealing with bullion, coins, or bills, fall within the business of bullion dealers and bankers.

ARBITRATION. The act of settling a dispute by referring it to one or more neutral persons nominated by the disputants, whose decision, when written out and signed, is known as the award. This method has grown in public estimation during the last fifty years, and at the present time many disputes of the class which were formerly decided by the courts are now privately disposed of, and the award made by the arbitrator has the same effect as a judgment when it is taken up. A dispute may be referred to arbitration either by the consent of the parties out of court, or by order of the court.

ASSAY. Chemically testing and analysing pieces of metal, minerals, etc., to determine their purity and ascertain the percentage of foreign matter. Assaying forms a very essential part of commerce, as two pieces of mineral may appear to be of the same composition, but when analysed may each be found to be composed of totally different matter.

ASSIGN. To make over property, as by Deed of Assignment; or transfer to another, by indorsement, those documents which convey a right to the money, property, or goods they represent.

AVERAGE BOND. Where a ship has suffered an intentional loss of cargo in order to save the ship and the rest of the cargo, the master of the ship obtains from the consignees of the goods, before delivery is made, a bond, under which they agree to pay their proportion of the general average as soon as the amount is ascertained.

AVERAGE STATER OR ADJUSTER. A person skilled in marine insurance affairs, who, when the insured are claiming indemnity for loss, is employed to prepare statements of the averages previous to their being adjusted by the underwriters, such statements often being of a most elaborate and intricate character, requiring great skill and experience in drawing them up.

BACKWARDATION. Where a "bear" speculator on the Stock Exchange wishes to continue his account, instead of delivering on the settling day the securities which he has sold, he arranges with his broker to postpone delivery. In such a case the broker must borrow the stock and pay for it at the "making-up" price. If the demand for money by the "bulls" is greater than the demand for the stock in question by the "bears," the "bear" may receive interest, called Contango, from the "bull" for the money lent to the "bull" on the borrowed stock, but if the demand for the stock is so great that there is a scarcity of it, the "bear" may have to pay a "backwardation" rate for the loan of the stock, instead of the "bull" paying interest for the loan of the money.

BANK POST BILLS. A Bank Post Bill may be described as a promissory note issued by the Bank of England (which is the only bank in this country which issues them) undertaking at, usually, seven days after sight, to pay

"this my sole bill," to a specified person or to order. The following shows the form of one of these bills—

No. London, February 1, 191..

At seven days' sight I promise to pay this my sole bill of exchange
to or order fifty pounds sterling value received of

Accepted, February 1, 191..

A. B.

For the Governor of the Bank of England.

C. D.

Although practically a promissory note, it may also be described as a bill of exchange drawn and accepted by a bank. The acceptance may be on the bill when it is issued, but if it is to be sent into the country it may be unaccepted when issued.

When endorsed by the payee the bill is payable to bearer. They are issued for any amounts from £10 to £1,000. Bank Post Bills of the Bank of England do not take days of grace.

Bank Post Bills were first issued in the year 1738. At that time highway robberies were very frequent, and it appears that these bills were originated on the suggestion of the Postmaster-General, so that, being payable at seven days after sight, in case of the mails being robbed, the losers might have time to give notice of their loss and have payment of the bills stopped.

BARRATRY. Any malicious or unlawful acts committed by the master or crew of a vessel, whereby its owners are exposed to injury. Among these may be classed the sinking or deserting of a ship, delaying or defeating her voyage, smuggling, running off with a ship, or wilfully carrying her out of her prescribed course, or any offence whereby a ship or her cargo may be subjected to arrest, detention, forfeiture, or loss.

BATTENED DOWN. A shipping term for securely fastening down the hatches on deck, so as to prevent a vessel from shipping water in a heavy sea.

BERTH. A sleeping place on board ship; also the place alongside a wharf or quay where a vessel is loading or discharging her cargo. A vessel loading or discharging, or ready to receive or discharge her cargo, is said to be "On the Berth."

BILL OF SALE (B/S). A document given as security for a loan or debt, wherein the debtor transfers the right of certain goods and chattels to his creditor, and empowers him to seize and dispose of them upon the non-fulfilment of certain conditions regarding the periodical payment of both interest and principal named in the bill. Bills of Sale must be registered. Any person may search at the central office and obtain an official copy of any bill of sale. If they are executed as a security for less than £30 they are illegal, and in this case they must be in the form provided by the Schedule to the Bills of Sale Act, 1882.

In another and distinct application, Bill of Sale is the form of contract or the medium for the transfer of ships or shares therein, and requires entry at the Custom House.

BLANK TRANSFER. A blank transfer of stock or shares is a transfer where the name of the transferee has not been filled in, or which is undated. It is sometimes used when shares are given as security for a debt, the intention being that if default is made in payment, the lender may fill in his own name as transferee, or insert the date, and send the instrument forward for registration. If a blank transfer is to be held unstamped, it should not be dated, otherwise it cannot after thirty days from execution be stamped, except under a penalty.

BOTTOMRY BOND. A mortgage on a ship, obtained by the captain or owners of her, and given as a security for the repayment of money advanced to them for the purpose of effecting repairs, fitting the boat out for a voyage,

procuring her a cargo, or any other requisite the ship may require, the money advanced, and the interest upon it, being payable on the termination of the voyage. Should the boat be lost, miscarry, or be cast away, the lender loses the whole of his money, as it is an essential part of the contract that repayment of the loan is only to be made provided the boat reach her destination in safety. It is called a "Bottomry Bond" because the borrower pledges as security the keel (bottom) of his ship—a part which represents the whole.

When money is procured on the *cargo* of a ship, the borrower's *personal* responsibility becomes the chief security for the loan, and it is then termed "Respondentia."

BRAND. A trade-mark made by impressing a hot iron on casks or packing cases, usually indicating the quality of the article. Thus we speak of a *fine brand* of cigars.

BRASSAGE. A charge which was made at one time by the Mint, to cover the expense of coining, when anyone took gold bullion to be coined. The charge was abolished in 1666. Sovereigns can now be obtained for bullion free of cost.

CAMBIST. A term applied to one who exchanges foreign money, or deals in foreign notes or bills of exchange. It is also applied to a book in which the weights, measures, and moneys of different countries are converted into those of one particular place.

CARAT. A measure by which goldsmiths and assayers denote the fineness of gold—the twenty-fourth part of an ounce. Any portion of gold is supposed to be divided into twenty-four parts, and if it is all pure gold it is said to be "twenty-four carats" fine. English gold coins contain eleven parts pure gold and one part of copper; that is, standard gold is eleven-twelfths fine, and eleven-twelfths of twenty-four carats equal twenty-two carats fine.

The word is, by some, supposed to be derived from the native name of a tree, the seeds of which, owing to their uniformity of size, were used for weighing gold. A carat does not now, however, represent any particular weight, but merely states the proportion of gold there is in any given weight.

CERTIFIED TRANSFERS. Transfers are often certified upon the margin, by the secretary or registrar of a company, that the certificates for the shares dealt with in the transfer are in the company's office. The words generally used are, "Certificate for shares, paid, has been lodged at

"the company's office. Date Company, Limited,
"The , Secretary."

Or sometimes the words are "Coupon for £ received at the company's office by "

The certification is for the purpose of facilitating dealings in shares. The broker for the transferor sends the certificate and transfer to the company to be certified, and the transferee accepts the certification as an assurance that the certificate is apparently in order.

CHEAP MONEY. Money is said to be "cheap" when it can be borrowed at a low rate of interest. Money is called "dear" when, owing to its scarcity, it can be borrowed only at a high rate.

CHOP. The word "Chop" means a brand. It is customary for merchants in the Eastern trade to put a distinguishing "chop" (usually in native characters) upon each of the various makes of goods they deal in, so that the natives who would not understand our marks, may, when ordering, name the "chop" which they desire to have.

COLLATED TELEGRAM. A telegram repeated, on its way from station to station, at the desire of the sender, and at an additional charge to secure its correct transmission.

CONSIDERATION MONEY. On the Stock Exchange, consideration money is the amount named in a transfer of registered stock, as being paid by the buyer to the seller; but the amount often differs from that actually received

by the seller owing to a subsequent sale made by the buyer, the Stamp Act requiring in such cases that the consideration-money paid by the sub-purchaser shall be the one inserted in the deed, as regulating the *Ad Valorem Duty*.

CONSOLIDATED ANNUITIES. A term applied to the consolidation or amalgamation of various annuities into one common debt. These are called "consols" on the Stock Exchange.

CONTANGO. The contango is a charge made by a stockbroker to a speculator for "carrying over" the stock transaction he has had with him until the next Stock Exchange Settlement.

For example, a person buys a certain stock which he does not intend to pay for, hoping that it will rise before the following settlement, in which case he would sell out at once, neither paying nor receiving the price, but only the profit from his broker; the stock, however, contrary to his expectation, may fall instead of rising, and as the speculator still hopes for improvement, rather than sell out at a loss he arranges with his broker to "carry over" or "continue" the bargain until the next settlement after the present one; for the loan of the money to enable this to be done, the broker makes a charge, which is known as "Contango." In the above case the speculator is called a "bull," that is, one who anticipates a rise in the stock dealt in.

The broker for the "bull" borrows the money, at "making-up" price, to pay for the stock, and gives the lender the stock, agreeing at the same time to take it back at the next settlement. The lender will probably be a "bear," who requires that particular stock. If, however, there is a scarcity of that stock, a "bear" may be so anxious to secure it that he will pay the "bull" a "backwardation" rate for the loan of the stock instead of the "bull" paying interest for the loan of the money.

CONTINGENT LIABILITY. A liability which is uncertain. For example, if Brown has given a guarantee on behalf of Jones, it forms a contingent liability; if Jones fails, the guarantee will become an actual liability and must be met by Brown. It is necessary, in the event of Brown furnishing his banker with a copy of his balance sheet, that the banker be advised of the existence of the guarantee or of any other liability dependent upon a contingency.

COUNCIL DRAFTS. Drafts issued by our Government upon the Indian Government and payable at the Banks of India. They are issued to prevent the frequent transmission of bullion from the one country to the other.

COUPON. A coupon is a warrant for the payment of interest. It is usually attached to a bond or debenture, and requires to be cut off when the time has arrived for its presentment for payment. Where the interest on debentures or bonds is paid by means of coupons, a sheet of coupons is supplied. The sheet contains a series of coupons, there being a coupon with a different date for each payment of interest, quarterly or half-yearly, as the case may be, for several, and in cases of large coupon sheets, for many years to come. Where no date of payment appears on the coupons, they are payable on advertised dates. If the date of payment falls on a Sunday or a Bank Holiday, they are payable on the succeeding business day.

CRANAGE. A charge made at some seaports for the hire of a crane, when used for loading or unloading such goods as are too heavy for the ordinary tackle on board. Also a charge made by dock companies for using their cranes for any purpose whatever.

CUM DIV. (Short for cum dividend, "with dividend.") It means that the purchaser of shares bought on this understanding is entitled to the dividend due to be paid, and if the dividend is sent by the company to the seller, the latter must hand over the amount to the purchaser. Most stocks are "cum div." until the Pay Day following the declaration of dividend.

CUM DRAWING. This term is used when bonds are dealt in at or near the time a drawing takes place; it means that the securities are sold with

any benefits that may arise from the drawing. If the bonds are drawn for repayment at par, or at a premium, the buyer receives the profit.

CUM NEW. With the right to claim any new shares or new issues of stock about to be issued in virtue of present holdings. Joint-Stock Companies, when increasing their capital, sometimes offer a number of new shares to each of the existing proprietors, and as such shares usually command a premium in the open market, shareholders often sell their right to the allotment by signing a Letter of Renunciation in the buyer's favour, by which means the former would secure the premium on the new shares without incurring any liability with regard to them. The *original shares*, if dealt in about that time, and sold *with* the right to claim the allotment of the new shares, would be quoted "Cum New."

CUMULATIVE DIVIDEND. Preference shares have a preferential right to dividend before ordinary shares, and if the profits of the company in one year are not sufficient to pay the full dividend, the profits of succeeding years are used for that purpose, and until the preference shares receive a full dividend for each year, the ordinary shares receive nothing. The dividend in such cases is called cumulative.

If, however, the preferential right as to dividend is confined merely to the profits of each year, the dividend is non-cumulative.

CURRENCY. The circulating medium of a country, by means of which sales or purchases are effected without having recourse to barter. Among savage nations various kinds of articles have been used as a circulating medium; but as nations became more civilised, the precious metals, particularly gold and silver, came generally to be employed. As trade advanced, however, and commercial transactions became large and frequent, metal money was found to be inconvenient for transport, and recourse was had to a paper currency. In this country, therefore, the currency includes Bank of England notes in addition to the coinage of the realm. A *depreciated currency* is a currency the exchange value of which is not equal to its nominal value in bullion.

CUSTOM HOUSE. A Custom House is a place appointed by the Government for the purpose of imposing and collecting the duties upon the exportation and importation of certain commodities, and also upon the shipping trade generally, under the existing tariff of the country.

DAY TO DAY LOANS. (Sometimes quoted in the newspapers as "Day to Day Accommodation," "Day to Day Money," and "Call Money.") These are sums of money lent out by bankers to bill brokers, stockbrokers, and others, at a fixed rate of interest for a single day, on the distinct understanding that they can be called in, if required, at a moment's notice. These day to day loans are, however, frequently continued and extend over a considerable time, but always on the understanding that the loans are, as it were, made freshly every day.

DEAD FREIGHT. This is the compensation payable to the shipowner when the charterer has failed to ship a full cargo. The amount is, generally, assessed by ascertaining the loss actually sustained by the shipowner, after taking into account the further expenses he would have been put to if the whole cargo had been shipped.

DEAD LETTER OFFICE. This Office, called also the Returned Letter Office, is situated at Mount Pleasant, London, E.C. It is a department of the General Post Office in which undelivered letters are opened and returned to the writers, or otherwise disposed of.

DEAD RECKONING. The calculation made of a ship's whereabouts by means of the compass and log-line—the former serving to point out the course she sails on, and the latter the distance run. From these two things a skilful mariner, by making proper allowances for the variation of the compass, currents, etc., is enabled, without any observations of the sun or stars, to ascertain the ship's place fairly well, in any part of the world.

DECODE. To decode a telegram is to translate the code words into the words or figures which they represent.

DEFICIENCY BILLS. When the revenue balance in the Bank of England to the credit of the Government is insufficient for payment of the quarterly dividends, the deficiency is borrowed from the Bank upon "Deficiency Bills." These bills must be paid off before the end of each quarter, and the rate of interest charged is one half of the Bank of England rate of discount, with a maximum of three per cent.

DELIVERY ORDER. An order addressed to a railway company, shipping company, dock company, or superintendent of warehouses, to deliver certain goods to the person named therein. Such orders are sometimes sent to a bank from a correspondent to be handed over to the right party on payment of the sum named. In some cases a cash order is attached to the delivery order, and on payment of the cash order the delivery order is given to the person entitled to it.

DEMONETISE. Coins are said to be "demonetised" when they are removed from the rank of a legal tender to that of token money.

DEMURRAGE. A charge of so much per day made by the owners of ships and barges for their detention beyond a stipulated time. Legal holidays and Sundays are not included in demurrage charges. The term is also used for a charge of so much per day made by railway companies for detaining their horse-boxes, wagons, trucks, and carriages beyond a certain time.

DERELICT. Boats and ships forsaken or found at sea and having no person in charge of them; goods cast upon the shores by the waves, abandoned, or wilfully cast away by the owner. Every master or person in command of a British ship who becomes aware of the existence on the high seas of any floating derelict vessel, must notify the same to the Lloyd's agent at the next port of call. Salvage is payable to persons bringing derelicts into safety, whether their owners appear to claim them or not.

DOCK WARRANT. A Dock Warrant is a document issued by a dock company stating that the goods as described therein are entered in their books, and are deliverable to the person mentioned or his assigns by endorsement.

A dock warrant may be in the following form—

X. & Y. DOCKS COMPANY.

No.

19..

Warrant for
imported in the ship
from
deliverable to
commences on the
date hereof.

Master
entered by
on the
or assigns by endorsement hereon. Rent
and all other charges from the

RATE CHARGED

Mark.	Numbers.	Weight.	
		Gross.	Tare.

Ledger No.

Folio

, Clerk.

, Warrant Clerk.

The Factors Act, Section 1, ss. 4, states that the expression "document of title" includes a Dock Warrant, and any warrant or order for the delivery of goods, and any document authorising, either by endorsement or by delivery, the possessor of the document to transfer or receive the goods.

DUNNAGE. Any article used in stowing a ship's cargo to protect it from damage during the voyage; *e.g.*, pieces of wood for laying at the bottom or against the sides of a ship's hold to protect goods from being damaged by sea-water, in case of the vessel becoming leaky, or mats used as a covering to protect the goods underneath from being damaged by the weight above them; or cocoa-nuts, billet wood, or other small articles to fill up the spaces between other goods and prevent them from shifting.

EMBARGO. A Government order to prevent ships from loading or unloading certain goods, or from entering or leaving a port, sometimes enforced in times of war. In a legal sense, an authoritative order to prevent the removal of property, pending some judicial proceeding against the owner.

ENFACED PAPER. A term given to the promissory notes of the Indian Government (known in the market as "Rupee Paper") when they bear a notification that the interest upon them can be collected by presenting the notes at the Bank of England. The interest is paid by drafts payable in India, and these are readily bought at the current rate of exchange by money dealers and others, and sold to parties having remittances to send out there.

ENTREPOT. An intermediate foreign port or warehouse for the temporary reception of goods which are in transit to another place. The goods remain in entrepôt until the arrival of a conveyance going to their destination, or until arrangements can be made for their removal up country.

EX ALL. When these words are added to the quotation of the price of any stocks or shares, they mean that any dividend due, any bonus, return of capital, and right to claim any new stocks or shares about to be issued, are retained by the seller.

EXCHEQUER BILLS. These are promissory notes issued by the authority of Parliament; they represent the principal part of the unfunded debt of the country. Exchequer bills are issued for sums of £100, £200, £500, and £1,000, and they bear interest at so much per cent. per day (generally the current market value of money at the time they are issued), from the date of issue to the day on which they are called in. The principal and interest are paid out of the Consolidated Fund.

There are no Exchequer bills now in existence, Treasury Bills having superseded them (which see).

EXCHEQUER BONDS. These are Government securities forming part of the unfunded debt of the country; they are of a more permanent character than the Exchequer bills, as they run for a much longer period. The bonds bear interest at so much per cent. per annum, payable half-yearly, until the expiration of the time for which they are issued, and they are then subject to redemption at par. Both principal and interest are paid out of the Consolidated Fund.

EX COUPON. Without the interest coupon.

EX DIVIDEND. (Abbreviated to Ex Div. or X.D.) Without the dividend due or accruing. When a stock is sold it is presumed, unless there is an agreement or custom to the contrary, that any dividend owing upon it is carried over with the sale to the buyer, and it is then said to be sold "cum div."

EX DRAWING. This term is used when bonds are sold without any benefit that may arise from a drawing about to take place.

EX NEW. Without the right to claim any new stocks or shares about to be issued. It sometimes happens that gas, railway, and water companies, when requiring more capital, issue a number of new shares, offering the allotment of them *pro rata* to existing shareholders. Parties therefore operating about that time would, if they wished to retain the privilege of taking the new shares, sell their holdings in the original stock "Ex New." (See *Cum New.*)

EXPANSIVE THEORY. The theory that in a monetary crisis the Bank of England should expand, and not contract, its issues. The Bank Charter

Act of 1844 placed restrictions upon the issue of notes, but in the three great crises of 1847, 1857, and 1866 the Act had to be suspended, and, instead of the Bank restricting its issues, it was permitted by the Government to increase them beyond the amount of its authorised issue; on each occasion the application of the Expansive Theory saved the situation after the Restrictive Theory, as contained in the Act, had proved to be ineffective.

FEE SIMPLE. Where a person is absolute owner of an estate he is said to own it in fee simple, and he can practically do with it what he likes. If he dies intestate it goes to his heirs. A conveyance of a freehold to a purchaser in fee simple contains such words as "To hold on to and to the use of the purchaser in fee simple," or what has the same effect "To the use of the purchaser, his heirs and assigns, for ever." Legally all land is held directly or indirectly from the king, but practically that does not affect the absolute ownership in a fee simple.

FIDUCIARY ISSUE. A term applied to the note issue of the Bank of England, which is authorised against the Government Debt and securities as distinguished from the note issue against gold.

FIRST-CLASS PAPER. Treasury Bills and bills which bear the names of banks and financial houses of the very highest standing. They are so called to distinguish them from second and third-class bills, where the security is not so good.

FLOATERS. A term used to signify the first-class bearer securities, for example, Exchequer Bonds, Treasury Bills, etc., which bill brokers deposit with banks against money lent to them at call. When the money is called in by one bank the broker must borrow from another, and thus his securities move or float about from one bank to another.

FLOTSAM. This is a marine insurance term given to goods, forming part of the cargo of a ship which has met with disaster, which are found floating on the sea.

FORCE MAJEURE. Circumstances or events which no human precaution could have averted, or which no fraudulent intention could have produced; those dangers and accidents which are beyond human power to control or oppose.

FUNDED DEBT. A debt which is permanent like Consols; that is, a debt upon which the Government pays regular interest without being under any obligation to pay the principal.

When an unfunded debt which is subject to repayment is changed into a permanent debt, the operation is called "funding the unfunded debt."

The unfunded debt of this country consists of Treasury Bills and Exchequer Bonds.

GARNISHEE ORDER. An order served on persons owing the judgment debtor money, warning them not to part with such money, pending a settlement of the claim against him, the object being to prevent the debtor from receiving the money and applying it to his own use instead of paying his creditors. If it can be proved that a judgment debtor holds stocks or shares in any public company, a charging order may be obtained against them.

GAUGE (Noun). (1) A measuring rod to ascertain the contents of casks; (2) A standard of measure.

GAUGE (Verb). To ascertain the contents of casks, that is, the number of gallons contained in them, by means of a gauge or gauging rod.

GAUGER. The officer of Customs or Inland Revenue, whose business it is to ascertain the contents of casks.

"GAZETTE." An official publication issued by Government authority containing the current legal and State notices, such as a summary of the cases passing through the Bankruptcy Court, a list of the Government appointments, notices of the dissolution of partnerships, promotions in the army and navy, and a general record of important passing events collected for public information.

GILT-EDGED SECURITIES. Securities of the highest order and which are considered to be absolutely safe.

Stocks in which trustees may invest the trust moneys are "gilt-edged."

GODOWN. A warehouse in the East where goods are stored until they are required for use.

GUINEA PIG. A slang Stock Exchange expression to signify a person who acts as a director of various companies merely for the sake of the fees to be obtained.

HAMMERED. When a member of the Stock Exchange is unable to comply with his engagements, the head waiter strikes three blows with a mallet upon the rostrum of the House and briefly announces the member's default. A defaulter is thus said to be "Hammered," and his name is immediately posted on a board devoted to the purpose of showing those members who have been expelled from the Stock Exchange owing to their being unable to meet their liabilities.

HIGH SEAS. By international law every country bordering on the sea has the exclusive sovereignty over such sea to the extent of three miles from its shore, so much of the ocean being known as the territorial sea, or the *mare clausum* (Latin, the closed sea); and all beyond is the high seas, open to all.

HONG. The name given by the Chinese to any factory belonging to European merchants at Canton.

HYPOTHECATION. Property which is mortgaged or pledged is sometimes said to be hypothecated; but the precise meaning of the word is the charging of property to a creditor while the property itself remains in the possession of the debtor.

INTERIM DIVIDEND. The dividend of a joint-stock company is declared by the company in general meeting; but power is given, in most Articles of Association, to the directors to pay to the members such interim dividends as appear to them to be justified by the profits which have been earned. An interim dividend is, therefore, one which is paid in the meantime, and which comes forward for confirmation when the general meeting is held. An interim dividend which is paid in, say, July, is often less than the amount paid in January; for example, if the dividend for the year is likely to be 15 per cent., 5 per cent. may, perhaps, be paid in July and 10 per cent. in January.

INTRINSIC VALUE. There is no such thing as intrinsic value. As the value of anything is what it can be exchanged for, if it cannot be exchanged for anything it has no value. Money is frequently said to have an intrinsic value—that is a value within itself—but on an island where there are no inhabitants, money could not be exchanged for anything, and in such a case it would be absolutely without value.

JETSAM. In marine insurance the term means the goods which are cast into the sea from a ship in distress, and which sink and remain under water.

JETTISON. The act of deliberately throwing overboard part of the ship's cargo, or cutting away her masts, sails, etc., for the preservation of the rest, in cases where the vessel requires lightening to enable her to weather a storm, or when she is otherwise in danger. All loss which arises in consequence of extraordinary sacrifices made for the preservation of the ship, is borne proportionately by all who are interested.

LAC OR LAKH. A Hindustani term, which, in its original acceptation, is applied to the computation of money in the East Indies. A lac of rupees is equal to 100,000 and is written 1,00,000.

LAME DUCK. An expression used on the Stock Exchange to point out a defaulter who, being unable to pay his differences or meet the claims made upon him, is "hammered" and expelled from the House.

LAND WAITER. A Customs officer who tastes, weighs, measures, and examines goods liable to duty, and takes an account of them, for the purpose

of taxation, on their being landed from a ship ; or, in the case of exported goods, who watches over and certifies that the goods are shipped in accordance with the prescribed form. He was formerly called a " Searcher."

LAY DAYS. A shipping term for the number of days allowed for loading and unloading ships, as agreed upon by the owners and charterers, or the owners and freighters, as the case may be. The lay days commence as soon as the ship has been given permission to load or discharge.

LETTER OF CREDIT. A Letter of Credit is a document issued by a banker authorising the banker to whom it is addressed to honour the cheques of the person named to the extent of a certain amount, and to charge the sum to the account of the grantor ; or it may be worded so as to authorise the person to whom it is addressed to draw on demand, or at a currency, upon the banker issuing the letter, and the grantor undertakes, in the letter, to honour all drafts drawn in accordance with the terms of the credit. The latter states the period for which the credit is to remain in force, and it should be endorsed with particulars of all drafts drawn under the credit. When a Letter of Credit is issued, the amount is debited to the customer's account and credited to a Letters of Credit Account.

LETTER OF INTRODUCTION. A letter addressed by banks, mercantile houses, and others, to their agents, correspondents, or friends at a distance, introducing the bearer of the letter to them and requesting a favourable reception for him.

LIEN (BANKERS'). A lien is the right to hold a person's property until payment of a debt is received. A lien does not, however, give the banker any right to sell the property, and legal advice should be obtained before dealing with securities held by way of lien.

A banker has a lien upon all negotiable securities deposited with him in his capacity as banker, by custom, unless there is an express contract, or there are circumstances showing an implied contract inconsistent with the lien. The lien is not affected by reason that the negotiable securities do not belong to the person depositing them if the banker is unaware of the fact.

A banker has no lien on securities which are deposited for some particular purpose. For example, it has been held that where a conveyance of two separate properties was deposited, with a memorandum of charge upon only one of the properties, the banker had not a general lien upon the other property.

Bills and documents left for collection are part of the banker's ordinary business, and he has a lien upon them.

A banker, as a gratuitous bailee, has no lien upon articles left for safe custody.

LIEN MARITIME. Lien is the particular right to detain another's goods until some claim upon them, or debt of their own, has been paid ; and maritime lien is a peculiar right which attaches to a ship in connection with a liability arising out of an adventure at sea. It applies to ships, freight, or cargo, and does not depend upon possession, but requires a legal process for its enforcement. It may arise by law or by special contract. Seamen have a lien on a vessel for their wages, etc.

LLOYD'S BONDS. Bonds, named after the counsel who invented them, which were devised for the purpose of enabling a railway company to borrow money in excess of its borrowing powers. Such bonds are void, as between the companies and the original holder ; but a subsequent holder for value is entitled to recover both principal and interest.

LOCUM TENENS. A deputy or substitute, or one who acts for and represents another during his absence.

LOCUS SIGILLI. The letters L.S. inside a circle are often found on a printed document, such as a form of transfer, to indicate where the seal or wafer is to be placed. In making a copy of a document under seal, the place of the seal is marked in the same way.

MARKED CHEQUES. Cheques which have been marked by the banks upon which they are drawn, certifying that they are in order and certain of being paid when presented.

MATE'S RECEIPT. A receipt given by the mate of a ship for goods which have been received on board. This receipt is afterwards given up to the shipbroker in exchange for the Bills of Lading.

MEASUREMENT GOODS. Goods on which freight is charged by measurement instead of by weight, forty cubic feet being reckoned to the ton. Light goods in cases or bales are usually charged for in this way, as they take up so much more space than heavy goods.

MIDDLE PRICE. The central price between those at which a dealer offers to buy and sell. For example, if a dealer offered to buy at eight or sell at ten the middle price would be nine, and it is very probable that a bargain might be struck at this latter figure.

MILLING. The indented or ridged edge of a coin. In olden times the edges of coins were frequently clipped or filed by dishonest persons, and the clippings or filings sold by weight. In order to prevent that practice, milling was invented. The edge of a coin is also turned in order that the raised flanges may afford a certain amount of protection to the figures on both sides of the coin.

MINUTE BOOK. The book in which is kept a brief record of the business transacted at the general meetings of the shareholders of a company, and at the ordinary meetings and committee meetings of the directors.

Loans granted, appointments made, salaries increased, and all resolutions of various kinds by the directors of a bank, as well as reports submitted to them, are entered upon the minutes. The minutes are signed by the chairman of the meeting, or by the chairman of the next succeeding meeting. All companies are required by law to keep minutes of the proceedings of their meetings and the meetings of the directors.

MULTIPLE TELEGRAMS. Telegrams sent to several persons in the same place, or to one person at several residences or addresses in the same place.

NISI PRIUS. The name usually given in England to the sittings of juries in civil cases. The phrase is derived from the first two words of the old Latin writ summoning the juries to appear at Westminster, *unless before* the day appointed the judges shall have come to the county.

NOMINAL CONSIDERATION. Where shares are transferred without any money being paid for them, as where a holder transfers them to a bank or to the nominees of a bank as security for an overdraft or a loan, a nominal consideration, generally 5s. or 10s., is inserted in the document of transfer. Such a transfer is subject to a stamp duty of 10s.

NOTARY PUBLIC (N.P.). A specially authorised person who attests, copies, or translates certain documents and writings, or proves their validity for the purpose of giving them effect abroad, and whose business it is to present dishonoured bills of exchange and protest and note their non-acceptance or non-payment.

NOVATION. Novation is the substitution of a new obligation for an old one. Where one bank amalgamates with another the debtors of the old bank, as well as those who have given security in any form, are required to sign a form of assent agreeing to the transfer of their obligations from one bank to another. Until the form of assent is signed the debt, or security, should not be transferred from the one bank to the other.

ONE MAN COMPANY. A term applied to a limited company where the shares are held by one person, with the exception, usually, of six shares, one of which is allotted to each of six other persons, so as to make up the necessary number of members to enable the company to be registered with limited liability.

PARI PASSU. Where one matter is progressing *pari passu* with another, it means that they are both progressing with equal steps or equal energy.

PARITY. The London Stock Exchange takes the American dollar as of the value of 4s., whereas the price of American securities are cabled from New York to this country taking the dollar as representing slightly more than 4s. 1½d. The term "London Parity" means the English equivalent at 4s. per dollar of the New York prices.

PASSPORT. A passport is an official document issued by the Foreign Office vouching for the respectability of the person named therein, and which is used by that person when travelling in foreign countries.

POST OBIT BOND. A bond which is payable only after the death of the person named therein. These bonds are made by parties entitled to reversions, who, in consideration of a sum of money being advanced to them at once, guarantee repayment of a larger amount than that received, and a certain rate of interest upon it, on the death of the person at whose decease they will receive a benefit.

POWER OF ATTORNEY. A formal document by which one person is authorised or empowered to act for another.

It is commonly used in cases where a person (donor or grantor) is going abroad for a long time and wishes to give someone (the donee or grantee) power to act for him in his absence. The power given in the document varies according to the wish of the donor, and when a power of attorney is exhibited to a banker for registration he should be careful to observe the exact wording of the instrument, and in particular to see whether power is given by special clause to draw cheques upon the donor's account, to make, to draw, accept, and endorse promissory notes and bills, to mortgage securities or overdraw his account.

A power of attorney is determined (*i.e.*, ceases to be effective) by the death, insanity, or bankruptcy of the donor.

PRIVATE ARRANGEMENT. An arrangement made privately between an insolvent trader and his creditors, whereby he is still permitted to carry on the business or is to liquidate it on certain conditions made at the time, instead of going through the court and being made a bankrupt. The object of creditors in accepting a private Deed of Arrangement is to avoid the heavy costs which an official liquidation would entail, and so get the largest possible amount out of the estate. Deeds of Arrangement must be registered.

PROXY. The person who acts for another, also the document appointing him. The Articles of Association of a company usually provide for votes being given by proxy.

PYX. The Pyx is a box in which are preserved samples of coins made at the Mint. A jury of the Goldsmiths' Company, who are summoned by the Lord Chancellor, test the coins annually, called the "Trial of the Pyx," to see that the legal weight and fineness of the coins are maintained.

QUORUM. The legal number of members of a committee or board of directors who may hold a meeting and transact business as arranged by the rules of the society or company they represent.

RACKING. A Custom House term for—

- (1) Drawing off wines or spirits from the lees or sediments ;
- (2) Transferring wines or spirits from an unsound cask to a sound one ;
- (3) Transferring the contents of one large cask into several smaller ones ;
- (4) Combining the contents of several small casks into one large one.

REBATE. A discount or allowance. The term is mostly used by bankers and others for an allowance made by them to parties taking up bills of exchange before they are due. It is also used for any return of discount made by bill brokers and bankers when discounted bills are taken back again, previous to their arriving at maturity, by the parties who place them under discount.

RE-INSURANCE. A sub-insurance, effected with others, by underwriters, insurance companies, etc., who find that they have incurred too great a liability, or who have become dissatisfied with the nature of the risks they have contracted to take upon themselves.

RESERVE LIABILITY. The part of a company's share capital which, when so resolved by the shareholders, cannot be called up except in the event of the company being wound up.

RESPONDENTIA. A loan raised upon the cargo of a ship on the personal responsibility of the master. An instrument by which the master of a ship hypothecates the cargo, as security for the repayment of money borrowed at a foreign port in order to effect repairs which are absolutely necessary to enable the ship to resume its voyage. Such a loan is repayable only if the ship arrives in safety at its destination. The captain has no authority to create such a charge except in case of necessity, and where he has no other means of raising the money and is unable to communicate with the owners.

RESTRICTIVE THEORY. The theory that, in a commercial crisis, the Bank of England should restrict its issue of notes, but in the great crises of 1847, 1857, and 1866, the Bank Charter Act, which embodied the restrictive theory, had to be suspended, and the situation was saved by the Government granting permission to the Bank to expand its issue beyond the limit fixed by the Act.

RIG. To "rig" a market (a Stock Exchange term) means to force up the price of any security without regard to its real value. Rigging a market is usually effected by secretly buying up such a quantity of any security as will produce an artificial or temporary scarcity, until the price (owing to the demand being greater than the apparent supply) is enhanced far above the real value of the security, thus enabling the "riggers" to resell their holdings at a forced profit.

RING. A combination of capitalists formed for the purpose of raising the price of a certain commodity above its ordinary market value by withholding it from circulation.

ROYALTY. (1) Dues paid by a person or company working a mine, to the owners of the land for the privilege of working the ore, coal, etc.

(2) Payments made to a patentee for the use of his patents.

(3) Allowances made by a publisher to an author for the privilege of publishing and selling his book.

RUMMAGING. This is the name given to the searching of a vessel by the officers of the Custom House for the purpose of ascertaining that neither dutiable nor prohibited goods are concealed on board.

RUNNING DAYS. A chartering term for consecutive days, including Sundays; the ship, therefore, not being limited to working days.

SCRIP. The provisional certificate of a person's share, in a joint-stock company or Government loan. The word "scrip" is contracted from subscription.

When the Government of a foreign country wishes to issue a loan, or when a public company needs to borrow money, the public is invited to subscribe by means of a prospectus. A subscriber who applies, should his application be successful, receives a Letter of Allotment. This letter is exchanged for "Scrip" when the subscriber pays the first instalment of the purchase money for the share or shares. A *Piece of Scrip* contains a number of bonds or shares taken up by the subscriber; a receipt giving the amount and date of the first instalment paid by the subscriber; the amounts and dates of each instalment which remains to be paid. When these instalments are all paid the *Piece of Scrip* is exchanged for a bond or share certificate.

SEIGNIORAGE. The profit which the Government makes on the manufacture of silver and bronze coins. These coins are token money, and the value which is affixed to them by law is greater than the value of the metal of which they are composed, and it is from that difference that the profit is obtained. Although in the actual coining of silver there is a considerable profit, that profit is utilised partly in maintaining the silver coinage of the country in a fit condition.

SHIP'S HUSBAND. The person to whom the management of a ship is

entrusted by or on behalf of the owner. Any person whose name is so registered at the Custom House of the Port of Registry of the ship shall, for the purposes of the Merchant Shipping Act, 1894, be under the same obligation, and subject to the same liabilities, as if he were the managing owner.

A Ship's Husband, unless authorised by the owners of the ship, has no power to borrow so as to bind the owners.

SHIP'S PROTEST. A declaration made by the master and crew, upon oath, as to the particular circumstances under which any injury to the ship or damage to her cargo has arisen. Underwriters sometimes demand this document before adjusting a claim against them, and it then devolves upon the insured to obtain and exhibit it.

SHUT FOR DIVIDEND. This is an expression used when the transfer books of banks and public companies are closed to permit of the dividend warrants being prepared and issued.

SLIDING SCALE. A scale to fix a rate of wages to be paid to workmen according to the rise or fall in the market value of the products of their labours. To make this quite clear, supposing a workman, paid by a sliding scale, agreed to accept 10s. as a basis for producing a certain quantity of any commodity so long as it could produce 30s. in the open market. Should the market value rise or fall 5s., his wages would be proportionately increased or reduced according to the scale agreed upon.

SLINGING. A shipping term used in some ports in the kingdom; it means a charge for putting the chains around the goods as they lie in craft alongside the ship, so that the vessel may hoist them on board. The charge is usually borne by the shipper.

STEVEDORES. Experienced men who superintend the stowage of the ship's cargo, which, usually being of such a mixed nature, requires great care in stowing so as not to shift or get damaged during the voyage.

STOPPAGE IN TRANSITU. The stoppage, by the sender, of delivery of goods during their transit from one place to another. The seller of goods has a right to stop them in transit, and so prevent their delivery if, since they have left his hands and before payment has been made for them, the buyer has become bankrupt or insolvent.

SUBPENA. A writ issued by a court of law calling upon a person to appear at a day and place assigned, under a penalty for non-appearance or default.

TALE QUALE. An expression used in contracts where grain and other produce is sold "to arrive." It means that the goods as they lie are said to be the same as the sample submitted, but the buyer takes the risk of any damage the produce may afterwards sustain during the voyage.

TALON. In connection with bearer bonds there is sometimes issued, along with the sheet of coupons, a slip called a "talon," in order that the whole of the bonds may, when all the coupons have been used, be exchanged for a new sheet of coupons.

TAPE PRICES. The Stock Exchange prices which are collected by the Exchange Telegraph Company, and which on being telegraphed are recorded by the instruments on long tape paper.

TELEGRAPHIC TRANSFERS (T.ts.). The payment of money in a foreign country may, when necessary, be effected by telegraph, the banker in London sending a cable with the necessary particulars to his foreign correspondent. The cost of the cable is charged to the customer at whose request the transfer is made. An exporter of goods from this country can, as soon as he has shipped the goods, communicate with his agent abroad by wire to sell the goods at once and send payment immediately by telegraph through a London banker.

TREASURY BILLS. These are bills issued by the Treasury in return for sums of money lent to the Government by private individuals. When the

Treasury is in want of money to meet the current expenses, they usually insert an advertisement in the *Gazette* requesting that lenders up to a certain amount be sent in to the Bank of England by a specified date, and parties having capital at their command, and being satisfied with a low rate of interest, offer to lend the Government a stated amount, and name the rate of discount they will accept. For instance, if a person offered the Treasury £100 at 3 per cent. discount, he would only lend £97, but would receive a Treasury Bill for £100. The bills bear no interest, seeing that the holder receives them at a discount, but, being a safe investment, they are often tendered for many times over the required amount.

TRINITY HOUSE. A corporation entrusted with the regulation and management of the lighthouses, buoys, and beacons of the shores and rivers of the United Kingdom, and with the licensing and appointment of pilots for the British coasts. It consists of thirteen acting elder brethren, of whom two are elected from the royal navy and eleven from the merchant service, and thirteen honorary elder brethren. The acting members attend at the Admiralty Court to act as assessors, and they also advise the Board of Trade in nautical matters. The income of the corporation is about £300,000 per annum, and is expended, under the auditorship of the Board of Trade, on the various duties already mentioned, in pensions to decayed masters of the mercantile marine, and in administrative expenses.

It is believed that Trinity House dates back to the time of King Alfred. It rose to a position of importance in the reign of Henry VIII, who granted a charter in 1518 for the purpose, among other things, of improving the breed of seamen. The full title of the body is the Corporation of the Elder Brethren of the Holy and Undivided Trinity.

TRUCK. The system of paying workmen their wages (or part of them) in goods instead of in money.

ULLAGE. (1) The difference between the full capacity of a cask and its actual contents; or the waste in casks or bottles of liquids owing to leakage, breakage, evaporation, or racking.

(2) The actual quantity in a cask, etc.

The first is the true definition, but in the Customs the term is used in the second sense, and the true ullage is termed the *vacuity*.

VATING. A Custom House term for the mixing together of the same sorts, brands, colour, or rate of duty of wines (or spirits) for the purpose of fortifying, colouring, or strengthening the whole, or obtaining uniformity of character.

WALL STREET. The New York Stock Exchange being situated in Wall Street, the prices of securities there are frequently spoken of as transactions in Wall Street.

WATERING STOCK. Increasing the capital of a company by creating new stock, without making any additional provisions for paying dividends on the new stock issued.

WINDING UP. The winding up of a company means the closing of all its business transactions and the settling up of the finances of the concern, either voluntarily or by order of the Court. Whilst its affairs are being wound up a company is said to be "in liquidation."

ABBREVIATIONS

A. .. Anna (Indian coinage)
 @ .. At; for; to; from
 A.a.r. } Against all risks
 A.r. }
 Al .. First class

Abbr. .. Abbreviation
 Abt. .. About
 A/C .. Account current
 A/c or acct. Account
 Ac. .. Acre

Acc. ..	Acceptance; accepted	B/E. ..	Bill of Exchange
Acct. ..	Accountant	B/f. ..	Brought forward
Ackgt. ..	Acknowledgment	B.G. ..	Birmingham gauge
A.D. ..	<i>Anno Domini</i> (In the year of the Lord)	Bg. ..	Bag
A.d. or A/d. ..	After date	B/H. ..	Bordeaux and Hamburg (grain trade)
Ad lib. ..	<i>Ad libitum</i> (at pleasure)	B'ham. ..	Birmingham
Ads. or ..	adverts. Advertisements	B'head. ..	Birkenhead
Adv. ..	Advice	B.H.P. ..	Brake horse-power
Ad val. ..	<i>Ad valorem</i> (according to value)	Bk. ..	Bank; book; back-wardation
Afft. ..	Affidavit	Bkg. ..	Banking
Aft. ..	After, afternoon	Bkpt. ..	Bankrupt
A.g.b. ..	A good brand; or any good brand	Bkt. ..	Basket
Agt. ..	Agent; against	Bxs. ..	Boxes
A.H. ..	After hatch (shipping)	Bl. ..	Bale; barrel
A.M. ..	<i>Assurance Mutuelle</i> (mutual assurance)	B/L. ..	Bill of Lading
A.M. ..	<i>Ante meridiem</i> (before noon)	Blk. ..	Black
Amt. ..	Amount	B.N. ..	Bank note
Anon. ..	Anonymous	B/o. ..	Brought over
Ans. ..	Answer	B.o. ..	Branch office; buyer's option
A/o. ..	Account of	Bot. ..	Bought; bottle
A/or ..	And, or	B/P. ..	Bill Payable
A.P. ..	(1) <i>à protest</i> (to be protested—bills); (2) Additional premium (insurance)	B.P.B. ..	Bank Post Bill
App. ..	Appendix	Bque. ..	Barque
Appro. ..	Approval	Br. ..	British
Approx. ..	Approximate [ance]	B/R. ..	Bill Receivable
A/R. ..	All risks (marine insur-)	B/R. ..	Bordeaux or Rouen (grain trade)
Arr. ..	Arrive	Brev. ..	<i>Breveté</i> (patented)
Art. ..	Article	Brg. ..	Brig
A/S. ..	Account sales	Brit. ..	British
Assn. ..	Association	Brl. ..	Barrel
Asst. ..	Assistant	Bro. ..	Brother
A/T. ..	American terms (grain trade)	Brot. or Brt. ..	Brought
Av. ..	Average	B.S. ..	Balance sheet
Av. or avoir. ..	Avoirdupois	B/S. ..	Bill of Sale
A/v. ..	<i>Ad valorem</i> (according to value)	B/s. ..	Bags; bales
B/- ..	Bag; bale	Bsh. or Bus. ..	Bushel
Back ..	Backwardation (Stock Exchange)	Bt. ..	Bought
Bal. ..	Balance	B.T.U. ..	Board of Trade unit
Bar. ..	Barrel	B.W.G. ..	Birmingham wire gauge
B.B. ..	Bill Book	Bx. ..	Box
B/D. ..	Bank draft	C/- ..	Case; currency; coupon
B/d. ..	Brought down	c. ..	Cents.
Bd. ..	Bond; bound	C/A. ..	Capital account; close annealed; commercial agent
Bdle. ..	Bundle	Ca. ..	Cases
Bds. ..	Boards—bound in boards	Cap. ..	Capital; <i>capitulum</i> (chapter)
		Capt. ..	Captain
		Cash. ..	Cashier
		Cat. ..	Catalogue
		C.B. ..	Cash Book
		C.C. ..	Continuation clause
		C.D. ..	Commercial Dock

C/d. ..	Carried down	Cont. ..	Contract
C.d. ..	<i>Cum dividendo</i> (with dividend)	Contg. ..	Containing
C. and D.	Collection and delivery	Coy. ..	Company
C.E. ..	Civil engineer	C/P. ..	Charter Party; Custom of ports
Cent. ..	<i>Centum</i> (100); centime; centigrade	C.R. ..	Company's Risk
Cert. ..	Certificate	Cr. ..	Credit; creditor
C. and F.	Cost and freight	C.r.v. ..	Cloth, on rollers, and varnished (maps, etc.)
C/f. ..	Carried forward	C/S. ..	Colliery screened (coal trade)
Cert. Inv.	Certified Invoice	C.S. ..	Civil Service
Cf. ..	<i>Conferatur</i> (compare)	C/s. ..	Cases
C.f.i. ..	Cost, freight and insurance	Csk. ..	Cask
C.f.o. ..	Coast for orders (chartering)	C/T. ..	Californian terms (grain trade)
Cg. ..	Centigramme	ct. ..	cent; credit; current
Cge. ..	Carriage	Cts. ..	Crates
C.H. ..	Custom House	Ctge. ..	Cartage
Ch. ..	Chapter	C.T.L. ..	Constructive total loss
Ch. fwd.	Charges forward	Cub. ..	Cubic
Ch. ppd.	Charges prepaid	Cum d/-	With dividend
C.I. ..	Channel Isles	Cum Pref.	Cumulative Preference
Cie ..	<i>Compagnie</i> (French—company)	Curt ..	Current
C.i.f. ..	Cost, insurance, and freight	C.w.o. ..	Cash with order
C.i.f. & c.	Cost, insurance, freight and commission	Cwt. ..	Hundredweight
C.i.f. & i.	Cost, insurance, freight and interest	Cy. ..	Currency
C.i.f.c. & i.	Cost, insurance, freight, commission, and interest	D. ..	<i>Denarii</i> (pence)
Ck. ..	Cask	D/A. ..	Days after acceptance; Documents against acceptance; Discharge afloat (chartering); Deposit Account
cl. ..	Centilitre	D.B. ..	Day Book
Cld. ..	Cleared (goods, shipping)	Dok. ..	Drawback
cm. ..	Centimetre	D/C. ..	Deviation clause
C/m. ..	Call of more (Stock Exchange)	D/D. ..	Demand Draft
Cmi. ..	Commercial	D/d. ..	Days after date; days' date
C/N. ..	Credit note; Consignment note; Circular note	Dd. ..	Delivered
Co. ..	Company	DJ/s. ..	Delivered sound (grain trade)
C.O. ..	<i>Compte ouvert</i> (open account)	D.D. and Shpg.	Dock dues and shipping
C/O. ..	Cash order (banking)	Deb. ..	Debenture
c/o. ..	Care of; Carried over	Dec. ..	Decrease
C.O.D. ..	Cash on delivery	Def. or deft.	Defendant
Collr. ..	Collector	Def. ..	Deferred
Com. ..	Commercial; commission	Deg. ..	Degree
Con. ..	<i>Contra</i> (against)	Deld. ..	Delivered
Con. cr.	<i>Contra</i> credit	Dept. ..	Department
Con. Inv.	Consular Invoice	D.f. ..	Dead freight
Con. or Consols.	Consolidated Annuities (Government Stock)	Dft. ..	Draft
		dg. ..	Decigramme
		Diam. ..	Diameter
		Diff. ..	Difference
		Dis. ..	Discount
		Dist. ..	District

Div. ..	Dividend division	F. or Fahr.	Fahrenheit
Dk. ..	Dock	F.a.a. ..	Free of all average
D.L.O. ..	Dead Letter Office	Fac. ..	Facsimile
D/N. ..	Debit Note	F.a.q. ..	Fair average quality
D/O. ..	Delivery Order	F.a.s. ..	Free alongside ship
Do. ..	Ditto (the same)	F.co. ..	<i>Franco</i> (free)
Dols. ..	Dollars	Fcp. ..	Foolsap
Doz. ..	Dozen [ment	F.c.s. ..	Free of capture and seizure
D/P. ..	Documents against pay-	F/d. ..	Free docks
Dr. ..	Debtor; drawer	Ff. ..	Folios
D/R. ..	Deposit receipt (banking)	F.f.a. ..	Free from alongside; free foreign agency
D/s. ..	Day's sight	Ffy. ..	Faithfully
D/W. ..	Dock Warrant	F.g. ..	Fully good
D/w. ..	Dead weight	F.g.a. ..	Foreign general average
Dwt. ..	Pennyweight	F.g.f. ..	Full, good, fair
Dy. ..	Delivery	F.H. ..	Fore hatch (shipping)
E. ..	East	F.i. ..	For instance
Ea. ..	Each	F.i.b. ..	Free into bunker (coal trade)
E. and O.E.	Errors and omissions excepted.	Fig. ..	Figure
E.C. ..	East Central	Fin. ..	<i>Ad finem</i> (to the end)
E.c. ..	<i>Exempli causa</i> (for example)	Fir. ..	Firkin
Ed. ..	Edition; editor	F.i.t. ..	Free of income tax
E.D. ..	Ex dividend	Fl. ..	Florin
E.E. ..	Errors excepted	Fm. ..	Fathom
E.g. ..	<i>Exempli gratia</i> (for example)	Fo. ..	Folio
E.I. ..	East Indies	F/o. ..	For orders; full out terms (grain trade)
E.I.D. ..	East India Docks	F.O. ..	Firm offer
Enclo. ..	Enclosure	F.o.b. ..	Free on board
Ency. ..	Encyclopædia	F.o.c. ..	Free of charge
Eng. ..	England; English	Fol. ..	Folio
Entd. ..	Entered	Folg. ..	Following
E.o. ..	<i>Ex officio</i> (officially)	For. ..	Foreign
E.o.h.p.	Except otherwise herein provided	F.o.r. ..	Free on rail
Eq. ..	Equivalent	F.o.r.t.	Full out Rye terms (grain trade)
Etc. ..	<i>Et cetera</i> (and other things)	F.o.s. ..	Free on steamer
E.T.C. ..	Eastern Telegraph Co.	F.o.t. ..	Free on trucks
Et seq. ..	<i>Et sequentes</i> (and the following)	F.o.w. ..	First open water (chartering)
Ex. ..	Examined; exchange; executed; out of; without	F.p. ..	Fully paid
Exch. ..	Exchange; exchequer	F.p.a. ..	Free of particular average
Ex cp. ..	Ex coupon	Fr. ..	French; franc
Exd. ..	Examined	Frt. ..	Freight
Ex div. ..	Without dividend	Frt. fwd.	Freight forward
Ex in. ..	Without interest	Frt. ppd.	Freight prepaid
Ex lib. ..	<i>Ex libris</i> (from the library of)	Ft. ..	Foot, feet
Ex n. ..	Ex new (without the right of new shares)	F'ture ..	Furniture
Exors. ..	Executors	F.T.W. ..	Free Trade Wharf
Exs. ..	Expenses	Fthm. ..	Fathom
F. ..	Feet; folio; franc	Ft., in.	Feet, inches
		Fur. ..	Furlon
		Fwd. ..	forward
		G. ..	Gauge; gramme

G/a ..	General average (marine insurance)	Jun. } ..	Junior
Gall. ..	Gallon	K.B. ..	King's Bench
Galls. ..	Gallons	K.B.D. ..	King's Bench Division
Gaz. ..	Gazette	Kg. ..	Kilogramme
G.B. ..	Great Britain	Kild. ..	Kilderkin
G.b.o. ..	Goods in bad order	Kilo ..	Kilogramme
Gent. ..	Gentlemen, sirs	Kr. £ ..	Kreuzer (coin)
G. gr. ..	Great gross (144 doz.)	£ ..	Pound sterling
gl. ..	Gill	£ T ..	Pound Turkish
G.m.b. ..	Good merchantable brand	Lancs. ..	Lancashire
G.m.q. ..	Good merchantable quality	L.A.T. ..	Linseed Association Terms
G.o.b. ..	Good ordinary brand	Lat. ..	Latitude
Gov. ..	Government	lb. } ..	Pound in weight
G.P.O. ..	General Post Office	lbs. } ..	Pound in weight
Gr. ..	Gross	L/C ..	Letter of Credit
Gr. wt. ..	Gross weight	L.D. ..	London Docks
Grs. ..	Grains	Ld. ..	Limited
Gs. ..	Guineas	Ldg. and dely. ..	Landing and delivery
H.A. or D. ..	Havre, Antwerp, or Dunkirk (grain trade)	£E ..	Egyptian pounds
H/H ..	Havre and Hamburg (grain trade)	Led. ..	Ledger
Hhd. ..	Hogshead	L.H.A.R. ..	London, Havre, Antwerp, Rouen (grain trade)
H.M.C. ..	His Majesty's Customs	L.I. ..	Long Island
H.M.S. ..	His (or Her) Majesty's Service	L.I.P. ..	Life Insurance Policy
H.P. ..	Horse-power	L.m.c. ..	Low middling clause (cotton)
H.P.N. ..	Horse-power nominal	Long. ..	Longitude
Hrs. ..	Hours	L'pool ..	Liverpool
I.B. ..	Invoice book	L.S. ..	<i>Locus sigilli</i> —place of seal
ib. ..	<i>ibidem</i> —in the same place	L.s.d. ..	Pounds, shillings, pence
I.B.I. ..	Invoice book inwards	Ltd. ..	Limited
I.B.O. ..	" " outwards	Ltdg. ..	Lighterage
id. ..	<i>Idem</i> —the same	M. ..	Thousand, Monsieur, sir
i.e., ..	<i>Id est</i> —that is	-/m ..	Thousand (as 20/m)
I.H.P. ..	Indicated horse power	m. ..	metre; mile; minute
In. ..	Inch, inches	M/a. ..	My account
Inc. ..	Increase	Mag. ..	Magazine
Ince. ..	Insurance	Max. ..	Maximum
Inst. ..	Instant—of the present month	M/C ..	Metalling Clause (Marine insurance)
Instn. ..	Institution	M/C ..	Marginal Credit (banking)
Instns. ..	Instructions	M'chtr. ..	Manchester
Int. ..	Interest	M.D. ..	Millwall Docks
In trans. ..	<i>In transitu</i> (in transit)	M.D. ..	Memorandum of Deposit
Inv. ..	Invoice	M/d ..	Months' date (<i>i.e.</i> , months after date)
IOU ..	I owe you	Mdle. ..	Mademoiselle, Miss
I.S.W.G. ..	Imperial Standard Wire Gauge	Mdme. ..	Madame
I.R.O. ..	Inland Revenue Office	Mdse. ..	Merchandise
Iss. ..	Issue	Mem. } ..	Memorandum
Ital. ..	Italics	Memo. } ..	Memorandum
I.W. ..	Isle of Wight	Messrs ..	Gentlemen, Sirs
1/A ..	Joint Account	M.H. ..	Main hatch (shipping)
JJ. ..	Justices	Michs. ..	Michaelmas

Min.	..	Minimum, minute	N.Z.	..	New Zealand
Min. B/L.	..	Minimum Bill of Lading	°	..	Degree
Min. wt.	..	Minimum weight	O/a	..	On account of
M.I.P.	..	Marine Insurance Policy	Obdt.	..	Obedient
Mks.	..	Marks (coin)	Obs.	..	Observe; obligations
M/m	..	Made merchantable	O/c	..	Old charter <i>or</i> Old crop
mm.	..	Millimetre (French measure of length)	o/c	..	Overcharge
MM.	..	Messieurs, sirs	Oc. B/L.	..	Ocean Bill of Lading
M.M.	..	Mercantile Marine	O/d	..	On demand
M.M.A.	..	Merchandise Marks Act	O.D.O.	..	Outdoor Officer (Customs)
Mme.	..	Madam	O.H.M.S.	..	On His Majesty's Service
M.O.	..	Money Order	%	..	Order of; per cent.
Mo.	..	Month	‰	..	Per mille—per thousand
Mon.	..	Monmouthshire	O.P.	..	Open Policy (insurance)
Mons.	..	Monsieur, Mr.	O.R.	..	Owner's risk
M.O.P.	..	Mother of pearl	O.R.B.	..	Owner's risk of breakage
Mos.	..	Months	O.R.C.	..	" " chafing
M/R	..	Mate's receipt	O.R.D.	..	" " damage
Mr.	..	Mister, sir	O.R.F.	..	" " fire
Mrs.	..	Mistress, madam	O.R.L.	..	" " leakage
MS.	..	Manuscript, mail steamer	Ord.	..	Ordinary
M/s	..	Month's sight (<i>i.e.</i> , months after sight)	O/s	..	Old style
M.S.A.	..	Merchant Shipping Act	O/t	..	Old term (grain trade)
M.S.C.	..	Manchester Ship Canal	Oxon.	..	Oxfordshire
MSS.	..	Manuscripts	Oz.	..	Ounce
N.	..	North	p.	..	Per, page
N.A.	..	North America	P/A	..	Power of Attorney
N/A	..	No advice (banking)	P/A	..	Private Account (book- keeping)
N/A	..	New Account (Stock Exchange)	P.A.	..	Particular average
N.B.	..	Take note—mark well	P. and L.	..	Profit and Loss
N/C	..	New charter <i>or</i> New crop	Par.	..	Paragraph
N.E.	..	No effects	P.C.	..	Post card
N.E.	..	North East	P/C	..	Price Current, Petty Cash, Per cent.
Nem. con.	..	No one contradicting	Pc.	..	Piece, prices
Net.	..	<i>Netto</i> (lowest)	Pcl.	..	Parcel
N.F.	..	Newfoundland	P.c.r.c.a.	..	Pickled cold rolled and close annealed
N/i.	..	No funds	Pcs.	..	Pieces
N/m	..	No mark	P.C.B.	..	Petty Cash Book
N/O	..	No orders (banking)	Pd.	..	Paid
No.	..	Number	P.D.	..	Port dues
Nom.	..	Nominal	Per Ann.	..	Per Annum by the year
N.o.p.	..	Not otherwise provided	Per cent.	..	<i>Per centum</i> (by the hun- dred)
Notts.	..	Nottinghamshire	Per pro.	..	<i>Per procurationem</i> (on behalf of)
N.P.	..	Notary Public	Pk.	..	Peck
n/p	..	Net proceeds	Pkg.	..	Package
Nos.	..	Numbers	P.L.	..	Partial Loss (insurance)
N.R.	..	No risk (insurance)	P/m	..	Put of More (Stock Exchange)
N/S	..	Not sufficient (banking)	p.m.	..	<i>Post meridiem</i> —afternoon
N.S.	..	New style, new series	Pm.	..	Premium
N.S.	..	Nova Scotia	P/N	..	Promissory Note
N.S.W.	..	New South Wales	P.O.	..	Post Office, Postal Order
N.t.	..	New terms (grain trade)			
Nt. wt.	..	Net weight			
N.W.	..	North West			
N.Y.	..	New York			

P.O.B. . .	Post Office box	\$. .	Dollars
P.O.D. . .	Pay on delivery	s. . .	shilling
p. p. . .	Picked ports (chartering)	Salop . .	Shropshire
p. p. . .	Per procuration	sc. . .	<i>scilicet</i> (namely, to wit)
pp. . .	pages	s/c. . .	<i>son compte</i> (his, or her, account)
Ppd. . .	Prepaid	s/d. . .	sea-damaged (grain trade)
P. p. i. . .	Policy proof of interest (marine insurance)	s.d. . .	<i>sine die</i> (indefinitely)
P.P.S. . .	A further postscript	sec. . .	section; secretary
Pr. . .	Pair	S.E.e.O. .	<i>Salvis erroribus et omissis</i> (errors and omissions excepted)
Pref. . .	Preference or preferred	S. & F.A. .	Shipping and Forwarding Agent
Pres. . .	President	seq. . .	The following
p. pro. . .	Per procuration	Schr. . .	Schooner
Pro . .	For	Servt. . .	Servant
Pro and con. .	For and against	S.g. . .	Specific gravity
Pro forma . .	As a matter of form	Sgd. . .	Signed
Pro tem. . .	<i>Pro tempore</i> —for the time being	Sh. . .	Share
Prox. . .	<i>Proximo</i> —of the next month	Shipt. . .	Shipment
P.R. . .	Parcel receipt	Shr. . .	Share
P/S . .	Public sale	S.I. . .	Short interest (insurance)
P.S. . .	<i>Postscriptum</i>	Sk. . .	Sack
Pt. . .	Pint	S.K.D. . .	St. Katherine's Dock
P.T. . .	Parcel ticket	Sks. . .	Sacks
P.T.O. . .	Please turn over	S.L. . .	Salvage Loss
Pts. . .	Pints	S/M . .	Siemens Martin
P.X. . .	Please exchange	S/N . .	Shipping Note
Qty. . .	Quality	S.o. . .	Sellers' option
Qr. . .	Quarter	Soc. . .	Society
Qrs. . .	Quarters	Sov. . .	Sovereign
Qt. . .	Quart	Sovs. . .	Sovereigns
Qto. . .	Quarto (4to)	S.P. . .	Supra Protest
Qts. . .	Quarts	Spec. . .	Speculation
q.v. . .	<i>Quod vide</i> —which see	SS. . .	Steamship
Qy. . .	Query	S/S . .	"
R. . .	Rupees	S'sea . .	Swansea
R.A.D. . .	Royal Albert Docks	Sq. . .	Square
R.A.T. . .	Rapeseed Association Terms	Sq. in. . .	Square inches
R.C.D. . .	Regent's Canal Dock	Sq. ft. . .	" feet
R/D . .	Refer to drawer (banking)	Sq. yd. . .	" yards
R.D.C. . .	Running-down clause (insurance)	Sq. m. . .	" miles
re . .	With reference to	St. . .	Saint, Street
recd. . .	Received	st. . .	Stone (in weight)
reg., regd. .	Registered	St. . .	Stet (let it stand)
R.I. . .	re-insurance	s.t. . .	Short ton (2,000 lbs.)
rm. . .	ream	Std. . .	Standard
R.M.S.S. . .	Royal Mail Steamship	Stg. . .	Sterling
R.O. . .	Receiving Office	Stk. . .	Stock
R.P. . .	<i>réponse payée</i> (reply paid)	S. to S. . .	Station to station
R.R. . .	Railroad	Str. . .	Steamer
Rs. . .	Rupees	S.W. . .	South West
R.S.O. . .	Railway Sub Office	S.W.I.D. .	South West India Dock
R.S.V.P. . .	<i>répondez, s'il vous plaît</i> (please reply)	T. . .	Tons; tare
Rx. . .	Ten rupees	T.B. . .	Trial Balance
		Tcs. . .	Tierces

T.D. ..	Tilbury Dock	W.C. ..	Western Central
T.E. ..	Trade Expenses	W'chester. ..	Winchester
Thro' B/L. ..	Through Bill of Lading	Wd. ..	Warranted
T.L.O. ..	Total loss only (marine insurance)	W.F. ..	Wrong fount (of type)
T.M.O. ..	Telegraph Money Order	W.I. ..	West Indies
T.O. ..	Turn over	W.G. ..	Wire Gauge
Tonn. ..	Tonnage	W.I.D. ..	West India Dock
T/q. ..	Tale quale (grain trade)	Wk. ..	Week
T.R. ..	Tons registered (shipping)	Wks. ..	Weeks
Treasr. ..	Treasurer	W.P. ..	Without prejudice (insurance)
T.t's ..	Telegraphic Transfers	Wt. ..	Weight
U/a ..	Underwriting account (marine insurance)	W/W ..	Warehouse Warrant
U.K. ..	United Kingdom	x.c. ..	Ex coupon
Ult. ..	Ultimo—of the last month	x.d. ..	Ex dividend
U/p. ..	Under proof (spirits)	x.in. ..	Ex interest
U.S. ..	United States	x.new ..	Ex New
U.S.A. ..	United States of America	Y/A ..	York-Antwerp Rules (marine insurance)
U/w ..	Underwriter	Yd. ..	Yard
V. ..	<i>Versus</i> —against	Yday. ..	Yesterday
Var. ..	Various	Yds. ..	Yards
V.D. ..	Victoria Dock	Yorks. ..	Yorkshire
Via ..	By way of	Yr. ..	Your
Vid. ..	<i>Vide</i> —see	Yrs. ..	Yours
Viz. ..	<i>Videlicet</i> —namely	& ..	And
Vol. ..	Volume	&c. ..	And the rest, and so on
v.v. ..	vice versa	# ..	Numbered (as # 1/20)
W. ..	West	' ..	Foot (as 1' 4"—one foot four inches)
W.A. ..	Western Australia	" ..	Inches (as 3" × 2"—three inches by two)
W.B. ..	Warehouse Book; Way Bill	× ..	By (as 6 × 4—six by four)
w.b. ..	Water ballast (shipping)	° ..	Degree (as 30°—thirty degrees)

APPENDIX

(From the Post Office Guide, by permission)

INLAND CORRESPONDENCE

THE term "Inland Correspondence" means correspondence posted within the British Islands, and addressed to some place in the British Islands.

Inland Correspondence is divided into the following classes.—

- (a) Letters; (b) Post-cards; (c) Book Packets; (d) Samples; (e) Newspapers; (f) Parcels.

LETTER POST

The prepaid rate of postage is as follows :—

Not exceeding 1 oz. in weight	. . .	1d.
Exceeding 1 oz. but not exceeding 2 oz.	. . .	2d.
For every additional 2 oz.	. . .	$\frac{1}{2}$ d.

A letter posted unpaid is chargeable on delivery with double postage; a letter insufficiently paid, with double the deficiency. The sender is legally liable for the charges.

No letter may exceed two feet in length, one foot in width, or one foot in depth.

POST-CARDS

The prepaid rate of postage on every post-card is a halfpenny, and on every reply post-card a penny. A post-card posted unpaid is chargeable on delivery with a postage of one penny.

Cards used as post-cards must be made of ordinary cardboard, not thicker than the material used for the thickest official post-card, and not thinner than the material used for the thinnest. They may not exceed $5\frac{1}{2}$ inches in length by $3\frac{1}{2}$ inches in width, or be less than 4 inches in length by $2\frac{3}{4}$ inches in width.

Nothing may be attached to a post-card except—

- (a) Stamps in payment of postage or stamp duty;
(b) A gummed label (not to exceed 2 inches long and $\frac{3}{4}$ inch wide), bearing the name and address of the person to whom the card is sent;
(c) A similar label bearing the name and address of the sender of the card; and
(d) Engravings, drawings, photographs, and printed matter, on very thin paper and completely adherent to the card.

A post-card may not be folded, nor may it be cut or altered in such a way as to reduce the size below 4 by $2\frac{3}{4}$ inches. A post-card may not be fastened against inspection in any way, or enclosed in a cover of any kind.

If any of the foregoing be infringed, the card will be treated as a letter.

The articles specified in paragraphs (c) and (d) may be affixed either to the back of the card or to the left-hand half of the address side. The right-hand half of the address side is reserved exclusively for the postage stamp and the address. Contravention of this regulation may result in the card being withheld from delivery.

BOOK PACKETS

The prepaid rate is—

Not exceeding 2 oz. in weight	. . .	$\frac{1}{2}$ d.
Every additional 2 oz. or fraction of 2 oz.	. . .	$\frac{1}{2}$ d.

(a) The expression "Book Packet" means a packet not exceeding 5 lb. in weight which consists of or contains one or more of the following articles or documents, that is to say—

APPENDIX

Books and other publications or works of a literary character, whether containing written dedications or not, and any other written or printed matter not being in the nature of a letter (on paper or on some substance ordinarily used for writing or printing).

Sketches, drawings, paintings, photographic prints, and engravings on paper or on some substance ordinarily used for the purpose, provided it is not a brittle or exceptionally fragile substance.

Maps, plans and charts, on paper or some other substance ordinarily used for the purpose, provided it is not a brittle or exceptionally fragile substance.

The binding or mounting of any article hereinbefore described, provided such binding or mounting be of a kind ordinarily used for the purpose, be not made of glass, or any brittle or exceptionally fragile substance, and be transmitted in the same packet with the article in respect of which it is used.

The following documents, whether containing matter in the nature of a letter or not, provided they respectively conform to the following conditions—

Description of Document.	Conditions.
<p>Commercial or business papers of a formal character, namely, invoices, orders for goods or for work, confirmations of orders, advice notes of the despatch or receipt of letters, documents, goods, or money (with or without instructions for their further treatment), waybills, bills of lading, receipts for goods or money, statements of account, price lists, prices current, market reports, delivery and shipping notes, tenders for goods or advertisements, quotations for goods, estimates for work, inquiries for quotations, contract notes, confirmations of contracts, share transfer notices, applications for employment, and such other similar documents as the Post-master-General may from time to time prescribe.</p>	<p>That the document consist of a printed form,* and that any writing refer solely to its subject-matter, or consist of formulas of courtesy or of a conventional character not exceeding five words or initials.</p>
<p>Notices of assessments and applications for payment of rates issued by overseers or other officers employed in the collection of rates.</p>	
<p>Notices relating to the registration of voters at parliamentary and local government elections.</p>	
<p>Notices, certificates, reports, and returns given or made to or by public officers and local authorities or other public bodies in the discharge of their public duties.</p>	
<p>Lists and tabular statements.</p>	<p>* A printed form within the meaning of the regulations is one bearing printed matter clearly indicating the purpose for which the form is intended to be used. The form must be appropriate; e.g., an ordinary memorandum form may not be used.</p>

APPENDIX

Description of Document.	Conditions.
Deeds, agreements, proposals and policies of insurance, and formal papers necessarily incident to insurance, powers of attorney, proxy papers, licences, voting papers, testimonials, and certificates.	That nothing appear in the document in writing which does not form part of the document as a legal or formal instrument.
Circulars (that is, printed notices and letters), printed visiting cards, Christmas, New Year, Easter, and birthday cards.	That nothing appear in writing in the document except— <ol style="list-style-type: none"> (1) Dates, hours, and particulars of times. (2) The names, addresses, and descriptions of parties. (3) The particulars of goods and of sums of money. (4) The mode of consignment or delivery of goods or money. (5) The terms on which business is transacted. (6) Index or reference numbers and letters. (7) Corrections of errors in print. (8) The place, character, and objects of meetings or appointments. (9) Formulas of courtesy or of a conventional character not exceeding five words or initials.
Manuscript for press and printed proofs (including information for insertion in directories and similar publications) with corrections and instructions.	That any writing not forming part of the document itself refer solely to the arrangement or correction of the type or to the execution of the work.
Educational exercises and examination papers with comments, corrections, and instructions.	That any writing not forming part of the document itself refer solely to the subject-matter of the exercise or to the questions put or the answers thereto.

By "printing" is meant any species of type-printing easy to recognise, or any mechanical process ordinarily used to produce a number of identical copies of written matter, and easy to recognise, such as lithography and hand stamping.

Documents wholly or partly printed in typewritten characters, or reproduced from a typewritten original by a mechanical process ordinarily used to produce a number of identical copies, are not admissible at the book rate, unless—

- (a) They are handed in at a Head or Branch Post Office. (Such documents are also accepted provisionally at Town Sub-offices and at certain of the more important Rural Sub-offices, subject to their

APPENDIX

being found to be in order when examined at the Head office, to which they will be sent);

(b) Special attention is drawn to the fact that they are printed or reproduced in typewritten characters;

(c) At least twenty copies are posted at the same time.

(d) No blanks are left in the text to be filled in by hand or typewriting. "Writing" includes typewriting and any mechanical or other process ordinarily used to produce a single document.

Special Conditions

The postage should be prepaid. A packet admissible at the book rate, posted unpaid or underpaid, is charged double the deficiency at that rate, or is transferred to the Parcel Post and charged with a fine of a penny in addition to any deficient parcel postage, whichever charge is the lower.

A book packet may not exceed 2 feet in length, and 1 foot in width or depth.

Every book packet is subject to examination in the post.

Every book packet must be posted without a cover, or in an unfastened envelope, or in a cover which can be easily removed for the purpose of examination without breaking any seal or tearing any paper or separating any adhering surfaces. A packet posted without a cover may not be fastened or otherwise treated so as to prevent easy examination.

No book packet may contain or bear any communication in the nature of a letter not expressly allowed by these rules.

No paper money (as defined later) may be posted or conveyed or delivered by post in a book packet. This rule does not apply to a stamped proxy paper, or to a stamped and addressed post-card, wrapper, or envelope, forwarded in order that such card, wrapper, or envelope may be returned through the post.

If any of the rules relating to a halfpenny packet be infringed, the packet will be treated as a letter.

SAMPLES

The prepaid rate on sample packets is as follows—

Not exceeding 4 oz. in weight	. . . . .	1d.
Between 4 oz. and 6 oz..	. . . . .	1½d.
" 6 oz. and 8 oz.	. . . . .	2d.

No packet is transmissible as a sample packet which exceeds 8 oz. in weight, 12 inches in length, 8 inches in width, or 4 inches in depth.

No article is admissible by Sample Post unless it be in fact a specimen, itself without saleable value, of goods for sale. In the expression "sample," a pattern is included when sent as a sample. In especial, the Sample Post is not intended for the conveyance of goods, however small the quantity, from a dealer to an actual or possible purchaser, or from one private person to another.

Mode of Packing and Address

Packets must be sent in wrappers, marked "Sample," or "Sample Post," open at the ends or in unfastened envelopes, and must be made up in such a manner that the contents can be easily withdrawn for examination. Seeds, tea, flour, drugs, and such like articles, which cannot be sent in open wrappers or envelopes, may be sent in boxes or in bags of linen or other material, fastened in such a way as to admit of easy examination.

The name and address of the dealer by whom the packet is sent must in all cases be printed or conspicuously stamped on the outside of the wrapper, or on the label.

If reposted to the dealer by whom it was originally sent, a packet is allowed to pass at the Inland Sample Rate, provided that it be enclosed in a wrapper having the dealer's name and address, and the heading "Returned Samples," printed or conspicuously stamped upon it.

APPENDIX

No packet may enclose a written document nor anything written on the sample itself which would not be allowed if the packet were being sent at Book Rate. Any packet marked for transmission at Sample Rate, but not in fact admissible thereby, will be charged with double the deficient postage at the Letter Rate, or will be transferred to the Parcel Post and charged with a fine of a penny in addition to any deficient parcel postage, whichever charge is the lower. A packet admissible but not fully prepaid at Sample Rate is charged double the deficiency at Sample Rate.

Warning against Deficient Packing, especially in respect of certain Articles

In accordance with the law, all sample packets must, like all other postal packets, be so packed as to be unlikely to injure postal packets conveyed with them, or Post Office servants dealing with them.

And as all articles sent at sample rate must be so sent as to admit of easy examination, especial care is necessary where the article is of a nature to be likely to cause damage.

NEWSPAPER POST

Any publication coming within the description specified in the Post Office Guide can, upon payment of an annual fee of 5s., be registered at the General Post Office for transmission by Inland post as a newspaper.

The prepaid rate of postage on copies of publications registered for transmission at the Inland Newspaper Rate, including any supplements thereto, is one halfpenny for every copy not exceeding 6 oz. in weight, with a further charge of one halfpenny for every additional 6 oz. or fraction of 6 oz.

The rate applies to single copies of newspapers only. If two or more copies are sent in a single packet, each copy will be liable to the same postage as if it had been posted separately. But in no case will a packet of such copies be chargeable with a higher rate than that chargeable on a book packet of the same weight.

A copy or a packet of copies posted unpaid or underpaid is chargeable on delivery with double the deficiency at the newspaper rate.

Every copy should be so folded and covered (if posted in a cover) as to permit the title to be readily inspected.

Every copy or packet of copies must be posted either without a cover, or in a cover open at both ends, which can easily be removed for the purpose of examination.

No copy of a newspaper sent by post at the Newspaper Rate may bear anything (not being part of the newspaper) except the name, address, and description either of the sender or of the addressee or both, with index or reference numbers and letters; the words "With Compliments"; a request for return in case of non-delivery; the title of the newspaper, and a reference to its registration for transmission by post; and a reference to any place in the newspaper to which the attention of the addressee is directed. The same regulations apply to any cover enclosing a copy of a newspaper.

No unregistered publication, and no article which is not part of a publication registered as a newspaper or a supplement thereto, may be enclosed in any packet sent at the Newspaper Rate.

No supplement to a publication registered as a newspaper is admissible at the Newspaper Rate unless it be sent through the post with the publication to which it is a supplement.

If any of the foregoing rules is infringed the packet is charged either as an underpaid book packet (if admissible at that rate), or an underpaid letter, or is transferred to the Parcel Post and charged with a fine of 1d. in addition to any deficient parcel postage, whichever involves the lower charge.

No copy or packet of copies may weigh more than 2 lb. or exceed 2 ft. in length, or 1 ft. in width or depth.

APPENDIX

Addresses

The address must be clearly written in English in characters in ordinary use in the United Kingdom. A parcel bearing an address otherwise written will not be accepted unless a translation of the address can be added.

The address should be written on the parcel itself, and not merely on a label, which may become detached.

It is also desirable that the sender's address should appear either inside the parcel or on the cover. In the latter case it must be kept distinct from the address to which the parcel is sent.

PARCEL POST

Rates and Weight

The rates of postage on parcels are as follows :—

							s.	d.
For a parcel not exceeding 1 lb. in weight	..	..	..	..	..	..	0	4
" exceeding 1 lb. in weight and not exceeding 2 lb.	..	..	..	..	..	..	0	5
" " 2 " " " " " 3 "	..	..	..	..	..	..	0	6
" " 3 " " " " " 5 "	..	..	..	..	..	..	0	7
" " 5 " " " " " 7 "	..	..	..	..	..	..	0	8
" " 7 " " " " " 8 "	..	..	..	..	..	..	0	9
" " 8 " " " " " 9 "	..	..	..	..	..	..	0	10
" " 9 " " " " " 10 "	..	..	..	..	..	..	0	11
" " 10 " " " " " 11 "	..	..	..	..	..	..	1	0
No parcel may exceed 11 lb. in weight.								

Size

The size allowed for an Inland Parcel is—

Greatest length	..	..	..	..	..	..	3 ft. 6 in.
Greatest length and girth combined	..	..	..	..	..	..	6 ft. 0 in.

For example—

A parcel measuring 3 ft. 6 in. in its longest dimensions may measure as much as 2 ft. 6 in. in girth, *i.e.*, round its thickest part ; or

A short parcel may be thicker ; thus, if it measure no more than 3 ft. in length, it may measure as much as 3 ft. in girth, *i.e.*, round its thickest part.

Prepayment and Posting

The postage on a parcel must be prepaid.

A parcel should not be posted in a letter box. It should be marked " Parcel Post," and presented at the counter of a Post Office ; and the sender should see that the weight, size and postage are in order before leaving. If posted irregularly, it will—

(1) If fully prepaid at the rate applicable to any other post and admissible by that post be forwarded as a letter, book packet, or newspaper ;

(2) If insufficiently prepaid at the rate applicable to any other post, but otherwise admissible by that post, be charged with double the deficiency or with deficient postage at the Parcel Post rate together with a fine of a penny, whichever is the less.

A certificate of posting may be obtained for an unregistered parcel.

POSTE RESTANTE

Correspondence of any kind to be called for is, as a rule, taken in at all Post offices except Town Sub-Offices. The words " to be called for " or " Poste Restante " should appear in the address.

The Poste Restante is intended solely for the accommodation of strangers and travellers, and even they may not use the Poste Restante for more than three months.

APPENDIX

SUPPLEMENTAL SERVICES

REGISTRATION AND COMPENSATION

Correspondence of any kind (including parcels) can be registered.

The ordinary registration fee is 2*d.* in addition to the postage.

Instructions for Registering

Everything intended for registration must be handed to an Officer of the Post Office, and a certificate of posting, bearing an acknowledgment that the fee for registration and compensation has been paid, must be obtained. Nothing intended for registration must be dropped into a letter box. If, contrary to this rule, a packet bearing the word, "Registered," or any other word, phrase, or mark to the like effect, is dropped into a letter box, it will be compulsorily registered.

The packet must be made up in a reasonably strong cover appropriate to its contents, and must be fastened with wax, gum, or other adhesive matter. It is not sufficient merely to tie the packet with string.

If it be desired to secure compensation for damage to a packet (other than a parcel), the packet must bear the words "**Fragile, with care.**" These words should appear on the face of the cover above the address. Any Officer to whom a packet is tendered for registration is instructed to refuse to register it if the packing is, in his opinion, obviously inadequate. Compensation may, however, be refused if the packet is accepted and afterwards found to have been imperfectly packed. Envelopes for the transmission of registered letters can be obtained at all Post Offices.

The address of the packet must be clearly written in English, in characters in ordinary use in the United Kingdom. A packet bearing an address otherwise written will not be accepted unless a translation of the address can be added. The packet must be marked in the bottom left-hand corner with the word "Registered," and, when the fee exceeds 2*d.*, with the amount of the fee proper to the value up to which the sender desires to secure compensation, thus:—

Registered, 3*d.* ; Registered, 4*d.* ;

and so on.

When several packets are sent by the same person for registration it is desirable that they should be accompanied by a list (in duplicate) of the addresses ; one list to be retained at the Post Office, and the other, when signed, to be returned to the bearer.

Advice of Delivery of Registered Correspondence

The sender of registered correspondence may arrange at the office of posting, either at the time of posting or subsequently, for an advice of its delivery to be sent to him. The fee is 2*d.*, which is payable by means of stamps affixed by the sender to a form provided for the purpose.

Compulsory Registration

Packets which contain coin or jewellery and also all inland correspondence bearing the word "Registered," or any other word, phrase, or mark to the like effect, written or impressed, on the cover, are, if posted otherwise than in accordance with the regulations, subjected to compulsory registration, and are charged on delivery with a registration fee of 4*d.*, less any amount prepaid in excess of the postage.

No compensation is given in respect of correspondence compulsorily registered.

APPENDIX

Compensation for Loss or Damage

The Postmaster-General is not legally liable for any loss or inconvenience which may arise from the loss, damage, delay, non-delivery, or mis-delivery of anything sent by post, and he does not, in any circumstances, pay compensation in respect of unregistered letters, post-cards, halfpenny packets, or newspapers. But, subject to the rules stated below, he pays compensation voluntarily and as an act of grace for correspondence of the following descriptions :—

I.—Registered Correspondence (including Parcels)

The fees payable over and above the postage, and the respective limits of compensation, are as follows :—

Fee.	Limit of Compensation.	Fee.	Limit of Compensation
2d.	£ 5	1s. 1d.	£220
3d.	£ 20	1s. 2d.	£240
4d.	£ 40	1s. 3d.	£260
5d.	£ 60	1s. 4d.	£280
6d.	£ 80	1s. 5d.	£300
7d.	£100	1s. 6d.	£320
8d.	£120	1s. 7d.	£340
9d.	£140	1s. 8d.	£360
10d.	£160	1s. 9d.	£380
11d.	£180	1s. 10d.	£400
1s.	£200		

These fees include the ordinary registration fee of 2d. The highest amount of compensation obtainable for any one packet is £400.

Compensation in respect of money of any kind (coin, notes, orders, cheques, stamps, etc.) will only be given in those cases in which the money is enclosed in one of the Registered Letter envelopes sold by the Post Office and the packet is tendered for transmission by Registered Letter Post. The compensation given in respect of coin, which should be packed in such a way that it cannot move about, will in no case exceed £5.

Compensation for damage to a packet sent by Registered Letter Post will only be given in those cases in which the packet is conspicuously marked with the words "Fragile, with care."

II.—Unregistered Parcels

The maximum limit of compensation is £2.

No Compensation is given in respect of money of any kind sent by Parcel Post, whether registered or unregistered, or in respect of jewellery (gold, silver, jewels, etc.) sent by Parcel Post unregistered.

In order to secure compensation in respect of the loss of a Parcel a Certificate of Posting should be obtained by the sender when the parcel is posted.

In the Rules as to Registration and Compensation—

The term "money" means and includes—

(a) Coin. (b) Paper money.

The term "coin" means and includes coins of all kinds, whether or not current in the United Kingdom or elsewhere.

The term "paper money" means and includes—

(a) Notes of the Bank of England or Bank of Ireland, or of any bank of issue in the United Kingdom, and notes current in any Foreign State or British Possession.

(b) Money orders and postal orders.

(c) Unobliterated postage or revenue stamps.

APPENDIX

- (d) Exchequer bills, bank post bills, bills of exchange, promissory notes, cheques, credit notes which entitle the holder to money or goods, and all orders and authorities for the payment of money, whether negotiable or not.
- (e) Bonds, coupons, and securities for money, whether negotiable or not.
- The term "jewellery" means and includes—
- (a) Gold or silver in a manufactured state; that is to say, a state in which value is added to the raw material by skilled workmanship, and in this definition are included any coins used or designed for purposes of ornament,
- (b) Diamonds and precious stones,
- (c) Watches, the cases of which are entirely or mainly composed of gold or silver; and
- (d) Any article of a like nature which, apart from workmanship, has an intrinsic or marketable value.

CERTIFICATES OF POSTING OF UNREGISTERED CORRESPONDENCE (EXCEPT PARCELS)

Any person who desires proof that an unregistered letter, letter-card, post-card, halfpenny packet or newspaper has been posted to a particular person should hand in the letter or other article at a Post Office and ask for a certificate of posting. The fee is $\frac{1}{2}$ d., payable by means of a stamp, which must be affixed by the sender to the form of certificate.

EXPRESS DELIVERY SERVICES

There are three Express Delivery Services, namely :—

Service I.—By Special Messenger all the way.

Service II.—By Special Messenger after transmission by Post.

Service III.—By Special Delivery in Advance of the Ordinary Mail at the request of the Addressee.

SERVICE I

By Special Messenger all the way

This Service is performed on Week-days only.

In London, Correspondence for Express Delivery is accepted at all the more important Post Offices.

In the Provinces, Express Correspondence is accepted at all Post Offices from which there is a delivery of telegrams.

Charges

(a) The Express fee (including charges for any public conveyance, e.g., omnibus, tramcar, or railway) is :—

(i) For every mile or part of a mile from the Office of delivery to the address 3d.

(ii) On each packet weighing more than 1 lb. a weight fee of 3d.
(Ordinary Postage is not charged.)

(b) If the sender desires, or it is otherwise necessary, that a cab or other special conveyance be used throughout (i.e., from the place of posting to the place of delivery), the actual fare or cost of the conveyance must be paid in addition to the mileage fee. The weight fee is not charged in such a case.

(c) Cycles are used, wherever practicable, for the delivery of express packets of a size and weight suitable to be so carried.

(d) When several packets are tendered by one sender for delivery by the same Messenger at different addresses, or to different persons at the same address, the Express Fee of 3d. a mile will be charged for the full distance to be traversed by the Messenger up to the delivery of the last packet, and an additional fixed charge of 1d. for each article above one. The number of

APPENDIX

articles delivered by one Messenger must not exceed ten. The sender may determine the order in which the packets are to be delivered. The weight fee will be charged upon each packet over 1 lb. in weight, not on the aggregate weight.

(e) When several packets are tendered for delivery to one person, the sender may, if he chooses, tie them together so as to form one packet. In that case a weight fee will be chargeable upon the aggregate weight if over 1 lb.

(f) All charges must be prepaid in postage stamps, to be affixed to a form provided by the Post Office for the purpose.

Posting and Distinctive Marking

(a) Every packet must be handed in over the counter, or to an Officer authorised to receive it. In no case may it be placed in a letter box.

(b) The word "Express" must be boldly and legibly written by the sender above the address in the left-hand corner of the cover.

SERVICE II

Express Delivery after Transmission by Ordinary Post

Correspondence of any kind sent by the Ordinary Post may be delivered by Express Messenger:—

(a) From the Post Office from which it would be delivered by the ordinary post if that office is a Telegraph Office.

(b) In London, from the General Post Office or a Head District Post Office at which the Mail Bag is first opened; and

(c) In the Provinces, from the Head Post Office even when that is not the ordinary office of delivery.

Posting and Distinctive Marking

(a) The words "Express Delivery" must be boldly and legibly marked above the address on the left-hand side of the cover (whether of Letter or Parcel), and in the case of a Letter the cover must also be marked with a broad perpendicular line from top to bottom; both on front and back.

Where delivery from the General Post Office or Head District Office in London, or from the Head Post Office (although not the ordinary delivering office) in the Provinces, is desired, the words "Express Delivery from General Post Office," "Express Delivery from Head District Office," or "Express Delivery from Head Office" (as the case may be) must be used.

The Post Office does not undertake to ensure the special delivery of an Express Letter which is not marked in the manner prescribed.

(b) Letters may be handed in at a Post Office, or to a Postman in a Rural District, or may be posted in a Letter Box.

(c) Parcels and Registered Letters must be handed in at a Post Office, or to a Postman in a Rural District.

SERVICE III

Special Delivery of Correspondence in Advance of the Ordinary Deliveries at the Request of the Addressee

Persons or Firms who desire at any time to receive their correspondence of any kind in advance of the ordinary delivery may have it delivered by Special Messenger on payment of the following fees, viz.:—

The full Express Fee of 3d. a mile as for one packet and a further fixed charge of 1d. for every 10, or less number, of additional packets beyond the first. If more than one search is necessary a charge of 3d. is made for each extra search in addition to the Express fees levied when the special delivery takes place.

APPENDIX

CONVEYANCE OF SINGLE POST LETTERS BY RAILWAY

The Railway Companies have entered into an Agreement with the Postmaster-General to accept and convey by the next available Train or Steamship single Post Letters, not exceeding One Ounce in weight, either to be called for at the Station of Address, or to be transferred there to the nearest Post Office Letter Box.

Manner of Posting

Every Letter intended for transmission as a Railway Letter, must, unless sent from an Express Delivery Post Office, be taken to a Passenger Station of the Railway Company over whose line it is to be sent, and tendered, during such hours as the station is open to the public, to a servant of the Railway Company in the Parcel Booking Office or the Passenger Booking Office.

Foreign and Colonial Letters sent as Railway Letters will be posted in this country for inclusion in an outgoing mail, but the Companies cannot give any information as to the rate of postage or the time or port of departure of the Mail Packets. Letters intended for transfer by the Company to a Post Office messenger at the station of arrival must be handed in at an Express Delivery office.

Mode of Address

A Railway Letter can either be addressed to a Passenger Station to be called for, or to the actual residence of the addressee, with the addition of the name of the Railway Station to which it is to be transmitted. A Letter addressed as in example (a) will be retained at the Station of Address for a period not exceeding seven days from the date of arrival. In order to obtain delivery, the addressee or his agent must apply for it at the Parcel Booking Office, or, if that Office be closed, at the Passenger Booking Office, during the period for which the Station is open to the public. A Letter addressed as in example (b) will be transferred to the Post Office Letter Box nearest to the Station of Address for delivery in due course of post by the Post Office. Any Letter not plainly addressed to a station to be called for, will be transferred to the post.

(a) Example of a Letter addressed to a Railway Station to be called for :—

T. Jones, Esq.,
Parcel Office,
*.....Station.
(To be called for.)
* Insert full name of station here.

(b) Example of a Letter addressed to the actual residence of the addressee :—

T. Jones, Esq.,
■.....
.....
To †.....Station.
(To be posted on arrival.)

* Insert full postal address.

† Insert here name of station to which letter is to be transmitted.

Any Railway Letter addressed to a Station to be called for and not called for within seven days from the date of arrival, will be handed over to the Post Office for disposal in the same way as an ordinary undelivered Inland Letter.

If the sender desires to have a letter conveyed by special messenger from the Station of one Railway Company to that of another, for onward transmission, he must arrange for the letter to be met by a Post Office Messenger and conveyed by Express Service No. 1.

The letter should be addressed as shown in example (a) above, and a second

APPENDIX

Railway Fee of 2d. will be required in addition to the mileage fee. A waiting fee may also become due should the train be late.

Payment of Postage and Fee on Railway Letters

Upon every Railway Letter a fee of 2d. in addition to postage at the ordinary rate, will be charged. This charge will defray the whole cost of transmission. No servant of a Railway Company will be entitled to make a further charge on the delivery of a Railway Letter.

The postage and railway fee must be prepaid, the postage in stamps and the railway fee in cash.

LATE-FEE LETTERS

As a general rule, correspondence which is too late for the regular hour of posting is, subject to the payment of an extra fee, received until five minutes before the actual despatch of the mail. But no office is kept open merely for this purpose after 10 p.m.

Letter Boxes for the receipt of late letters bearing an extra $\frac{1}{2}$ d. stamp are affixed to all Mail Trains to which Travelling Post Offices or Sorting Carriages are attached.

FOREIGN AND COLONIAL CORRESPONDENCE

"Foreign and Colonial Correspondence" means correspondence passing in either direction between a place within the United Kingdom (including the Isle of Man and the Channel Islands) and a place outside it.

Foreign and Colonial Correspondence is divided into the following classes :—

- (a) Letters.
- (b) Post-cards.
- (c) Printed Papers.
- (d) Commercial Papers.
- (e) Samples.
- (f) Parcels.

LETTER POST

The prepaid rate of postage on letters from the United Kingdom for all Foreign Countries (except Egypt, the United States of America and the places in Morocco where there are British Post Office Agencies) is 2½d. for the first ounce, and 1½d. for each succeeding ounce or fraction thereof; from the United Kingdom to British Possessions generally and to Egypt, the United States of America and the places in Morocco where there are British Post Office Agencies the letter rate is 1d. per ounce.

No letter for a Colony or Foreign Country may exceed 2 ft. in length or 1 ft. in width or depth.

POST-CARDS

The prepaid rate of postage on every Post-card for a destination outside the United Kingdom is 1d., and on every reply Post-card 2d. A Post-card from a place abroad, if unpaid, is chargeable with a postage of 2d.; if partially paid, with double the deficient postage, the surcharge in no case exceeding that on a wholly unpaid Post-card.

Cards used as Post-cards must be made of ordinary cardboard, not thicker than the material used for the thickest official Post-card and not thinner than the material used for the thinnest. They may not exceed 5½ in. in length by 3½ in. in width, or be less than 4 in. in length by 2½ in. in width.

All official cards, and all reply-paid cards of private manufacture, must display the title "Post-card" on the address side, but this title is not obligatory for single cards of private manufacture. Reply halves of reply-paid cards must bear the words "Post-card—Great Britain and Ireland" and "Reply."

APPENDIX

The right-hand half of the address side of a Post-card is in all cases reserved for the address of the recipient, for the postage stamp necessary for prepayment, which should so far as possible be placed in the upper right-hand corner, and for postal directions (such as "Registered," "Advice of Delivery," etc.); but the left-hand half of the address side as well as the back may be used by the sender for the purpose of a written communication.

PRINTED PAPERS AND COMMERCIAL PAPERS

Postage and Definition

The prepaid rate of postage on Printed Papers for all places abroad is $\frac{1}{2}$ d. per 2 oz., and on Commercial Papers is $2\frac{1}{2}$ d. for the first 10 oz. and $\frac{1}{2}$ d. per 2 oz. thereafter. If only partly prepaid they will be chargeable on delivery with double the deficiency; if unpaid they will be stopped. Insufficiently prepaid Printed Papers from places abroad will be chargeable on delivery with double the deficiency, the surcharge in no case exceeding 1d. per 2 oz., and insufficiently prepaid Commercial Papers with double the deficiency, the surcharge in no case exceeding 5d. up to 10 oz., and 1d. per 2 oz. for heavier weights. Advertising matter is subject to Customs duty on entry into Australia, New Zealand, British South Africa, Canada, and some other British Possessions.

The articles which are entitled to be sent at the rate applicable to Printed Papers are mostly impressions or copies obtained upon paper, parchment, or cardboard, by means of printing, lithography, engraving, photography, or any other mechanical process easy to recognise.

This description includes the undermentioned articles wholly printed:—Newspapers, books (stitched or bound), periodical works, pamphlets, sheets of music, visiting cards, address cards, proofs of printing, plans, maps, catalogues, prospectuses, announcements, circulars, notices, engravings, photographs, and designs.

Besides these articles, there are some others which, though not printed matter, are admitted, as, for instance, manuscript intended for the press (when sent with the relative proof), papers impressed for the use of the blind, albums containing photographs, and cardboard drawing models stamped in relief.

Anything, not being of glass, usually attached or belonging to any of the before-mentioned articles, in the way of binding, mounting, or otherwise, and anything convenient for their safe transmission by post, may also pass at the rate applicable to such articles, provided it is contained in the same packet.

The products of the copying press and type-writer are not admitted at the rate for printed papers; nor, as a rule, are printed papers the text of which has been modified after printing, either by hand or by means of a mechanical process, or marked so as to constitute a conventional language. The following exceptions to this rule are allowed:—

Printed circulars may be dated in manuscript or by a mechanical process, and the name and address of the sender and of the recipient, as well as an indication of his trade or profession, may be added. Corrections and insertions may be made in manuscript or by a mechanical process in relation to names of commercial travellers, dates of their journey, and the places they intend to visit, the names and dates of arrival and departure of ships, names of persons invited to meetings, and the place, date, and object of the meetings; and the date of despatch may be inserted in advices of despatch of goods.

On printed visiting cards and Christmas and New Year's cards the address or title of the sender may be written, or conventional initials, such as "p.p.c.," as well as good wishes, congratulations, thanks, condolences, or other formulas of courtesy, in each case expressed in not more than five words.

APPENDIX

Packets of Christmas and New Year cards may contain the relative invoices. This provision applies to books, newspapers, music, photographs and engravings, which may also bear a presentation inscription.

Printers' proofs may be corrected in manuscript; additions which relate to accuracy, form, and printing may be made, and in case of want of space additional sheets may be used; the author's manuscript may be enclosed; printers' errors in other printed documents may also be corrected, and figures may be inserted or corrected in prices current, tenders for advertisement, trade circulars, prospectuses, and stock and share lists.

In forms of order or subscription for books, printed on cards, the works required or offered may be indicated in manuscript.

To cuttings from newspapers and periodical publications may be added in manuscript or by a mechanical process the title, date, number and address of the publication from which the article is extracted.

Circulars which are in other respects admissible, but which are printed or lithographed in characters resembling those of the typewriter, or are produced by means of any mechanical process from type-written originals, will be admitted at the rate for printed papers, provided that they are handed in at the counter of some Head or Branch Post Office, that special attention is drawn to the fact that they are printed or reproduced in type-written characters, and that at least **twenty copies** are posted at the same time. Such circulars are also accepted provisionally at Town Sub-Offices and at certain of the more important Rural Sub-Offices subject to their being found to be in order when examined at the nearest Head Office to which they will be sent.

The undermentioned articles are excluded from transmission at the rate applicable to printed papers:—

Postage stamps, whether obliterated or not, and in general all printed articles constituting the sign of a monetary value.

Blank paper, note paper or envelopes (with or without printed address), and all other articles of stationery pure and simple.

Commercial Papers comprise all papers or documents written or drawn wholly or partly by hand (except letters or communications in the nature of letters, or other papers or documents having the character of an actual and personal correspondence), documents of legal procedure, Deeds drawn up by public functionaries, copies of or extracts from Deeds under private seal written on stamped or unstamped paper, Way Bills, Bills of Lading, Invoices, and other documents of a mercantile character, documents of Insurance and other public Companies, all kinds of Manuscript Music, the Manuscript of Books and other literary works, letters and post-cards of old date which have already served their original purpose, and pupils' exercises either in original or with corrections, but without any comment on the work, and other papers of a similar description.

Limits of Size and Weight

Packets of printed or commercial papers addressed to **British Colonies or Possessions** or to non-Union countries or colonies may not exceed **2 ft. in length** and **1 ft. in width or depth**; but for **foreign countries** in the Postal Union the length is limited to **18 in.** Packets in the form of a roll may not in either case exceed **30 in. in length** and **4 in. in diameter**.

Must be sent Open

Printed Papers and Commercial Papers must be posted either without a cover or in an unfastened envelope, or in a cover which can be easily removed for the purpose of examination without breaking any seal, or tearing any paper, or separating any adhering surfaces. A packet posted without a cover may not be fastened or otherwise treated so as to prevent easy examination. It may, however, be tied with a string easy to unfasten.

APPENDIX

MAGAZINE POST FOR CANADA AND NEWFOUNDLAND

Subject to the conditions specified below, British Newspapers, Magazines, and Trade Journals intended for despatch to Canada by direct Canadian Packet, and to Newfoundland by direct Packet, may now be sent at the following scale of postage—

For each packet over	2 oz.	but not over	6 oz.	in weight,	1d.
"	"	"	6 oz.	"	1½ lb.
"	"	"	1½ lb.	"	2 lb.
"	"	"	2 lb.	"	2½ lb.
"	"	"	2½ lb.	"	3 lb.
"	"	"	3 lb.	"	3½ lb.
"	"	"	3½ lb.	"	4 lb.
"	"	"	4 lb.	"	4½ lb.
"	"	"	4½ lb.	"	5 lb.

Packets not exceeding 2 oz. in weight are transmissible for ½d. as ordinary printed papers.

Special attention is drawn to the fact that this reduced rate of 1d. per lb. does not apply to packets sent by any other route or steamship than those mentioned above.

SAMPLES

Postage and Definition

The prepaid rate of postage on Sample Packets for all places abroad is 1d. for the first 4 oz. and ½d. per 2 oz. thereafter. If only partly prepaid they will be chargeable on delivery with double the deficiency; if unpaid, they will be stopped. Insufficiently prepaid Sample Packets from places abroad will be chargeable on delivery with double the deficient postage, the surcharge in no case exceeding 2d. up to 4 oz. and 1d. per 2 oz. for heavier weights.

The use of the Sample Post is restricted to (a) bonâ-fide Trade Samples or Patterns of Merchandise without saleable value, and (b) natural history specimens, dried or preserved animals and plants, geological specimens, and scientific specimens generally, keys, fresh flowers, tubes of serum and pathological specimens rendered innocuous by their mode of preparation and packing, when sent for no commercial purpose. Packets containing goods for sale or consigned in execution of an order (however small the quantity), or articles sent by one private individual to another which are not actually trade samples or patterns or scientific specimens, etc., cannot be forwarded by Sample Post.

Limits of Size and Weight

Packets of samples addressed to British Colonies or Possessions or to non-Union countries may not exceed 2 ft. in length and 1 ft. in width or depth. Packets for foreign countries in the Postal Union must not exceed 12 in. in length, 8 in width, and 4 in depth, unless in the form of a roll, for which the limits are 12 in. in length and 6 in. in diameter.

Mode for Packing and Addressing

Samples must be sent in such a manner as to be easy of examination and, when practicable, must be sent in covers open at the end. In order to secure the return of packets which cannot be delivered, the names and addresses of the senders should be printed or written outside. There must be no writing or printing upon or in any sample packet for non-Union countries except the address of the person for whom it is intended, the address of the sender, a trade-mark or number, the price of the articles, the weight or size, and the quantity to be disposed of, or such as may be necessary to indicate the place of origin or the nature of the merchandise. A sample packet for a country in the Postal Union may contain, besides these particulars, any Printed Papers and, if the rate applicable to Commercial Papers be paid, it may also contain Commercial Papers.

APPENDIX

PARCEL POST

Foreign and Colonial parcels cannot be registered, but they may be insured.

Customs Declaration and Despatch-note

Parcels are subject to Customs regulations. The sender of each parcel is required to make, for Customs purposes—upon a special form or forms, which can be obtained at any Post Office—an accurate statement of the nature and value of the contents and other particulars. Two forms of Customs declaration are in use:—(1) An adhesive form, intended to be affixed to the covers of parcels for British Colonies and Possessions and for a few foreign countries; and (2) a non-adhesive form, which is used for parcels for all other foreign countries. Several identical copies of the latter form must in many cases be made out. When a non-adhesive form is used the sender must also fill up a despatch-note. Undervaluation of the contents or failure to describe them fully may result in seizure of the parcels. The net weight or quantity of the different kinds of articles contained in a parcel should be separately stated. Any other particulars should be given which would facilitate the assessment of Customs duty, such as the material of which clothing is composed, and whether it is new or not. In the case of articles returned to the country where they originated, the fact should be stated. The forms for Foreign parcels should, when possible, be filled up in both English and French

Customs Duty and Charges on Delivery

All parcels are liable to be opened for Customs examination; and their contents are subject to Customs duty according to the laws of the country of destination. The duty is collected from the addressee on delivery, except in the case of parcels sent under the arrangements explained below. In most Foreign Countries and British Colonies the articles which are not subject to Customs duty on importation are comparatively few.

In the undermentioned Colonies certain articles produced or manufactured in the United Kingdom are entitled to preferential rates of Customs duty according to the tariff of the particular Colony of destination, when sent in parcels not containing merchandise for sale, and not exceeding £10 in value (£5 in the case of parcels for Canada), provided that the following conditions are complied with.

Parcels for Australia, Rhodesia (Southern and North-Western) and Canada (limit £5) must be accompanied by a certificate of origin worded as follows:—

The contents of this package are not merchandise for sale, and every article herein to the extent of at least one-fourth of its present value is *bona-fide* the produce or manufacture of the United Kingdom. Dated at191.....Sender. In the presence of..... (Officer of the Post Office).

(N.B.—These certificates must be signed in the presence of an Officer of the Post Office, who will countersign them.)

For parcels not containing merchandise for sale and not exceeding £10 in value addressed to the Union of South Africa (Provinces of the Cape of Good Hope, Natal, the Orange Free State and the Transvaal) or the Bechuanaland Protectorate, it will suffice if the words "British Manufacture" are written or stamped on the cover or Customs Declaration.

In the case of parcels sent to the foregoing Colonies containing merchandise or sale or exceeding the limits of value specified above, a special certificate of origin is required when the articles are entitled to preference. Information as to the form of this certificate can be obtained from the Representative in London of the Colonial Government concerned.

New Zealand (certain articles only). The certificate must be on the invoice:—

I (full name) of the firm of....., do hereby certify that this invoice, amounting to £....., for goods exported to New Zealand on account of (name of person or firm to whom invoiced) is true and correct,

APPENDIX

and that the goods specified therein are *bond-fide* the produce or manufacture of (name of the part of the British Dominions in which the goods have been manufactured).

Signed.....

Dated at..... this.....day of..... 19....

Parcel Post with the United States

The parcel post with the United States is carried on by means of two distinct services, namely, an official service with the United States Post Office and a semi-official service maintained through the Agency of the American Express Company.

The sender of a parcel forwarded by the semi-official service may without extra charge direct that a parcel be sent through the New York Custom House in bond for Customs examination at any one of the "United States Ports of Entry," or Inland Custom Houses. The addressees of such parcels must, however, make arrangements for the delivery of parcels so treated after they have been cleared at the Custom House of the Inland Port of Entry.

Parcels intended to be forwarded in bond must be plainly marked by the sender, "in bond to _____," naming the Inland Port of Entry chosen; and the same words must also be written by the sender in the same handwriting on the Customs declaration.

CASH ON DELIVERY SERVICE

This arrangement for collecting from the recipient for remittance to the sender, by Money Order or Postal Order, the value of articles sent by post, is in operation between the United Kingdom and certain British Possessions and Egypt. The amount to be collected under the Cash on Delivery System is called the "Trade Charge." The Trade Charge on any one packet may in no case exceed £20, and in the case of a parcel must not exceed the amount of the declared value together with the postage and the fees payable on the parcel in connection with the Cash on Delivery Service. Articles on which Trade Charges are to be collected may be posted at any Post Office in the United Kingdom. The service applies only to parcels (uninsured or insured) and insured and registered letters. The ordinary regulations for insurance and registration must be observed.

The sender of a Cash on Delivery packet from the United Kingdom must (a) write, on the cover of the packet, his name and address, the amount in British currency of the Trade Charge in figures and words, and the name of the Office on which the Money Order or Postal Order in payment of the Trade Charge is to be drawn. These particulars may be written on the back of the packet if there is not room for them to be written clearly on the front. No erasure or alteration of the entry of the money is allowed. An incorrect entry must be completely obliterated and a fresh entry made. (b) The sender must fill up a "Request Form," which includes a formal request for the collection of the Trade Charge and a declaration that the packet is sent in fulfilment of an Order. (c) He must prepay a special fee, by affixing 2d. in postage stamps to the Request Form. The ordinary postage and other charges must be prepaid in the ordinary way.

The packet must be handed in at a Post Office, where the sender must obtain a Certificate of Posting, which is to be given up when the Money Order or Postal Order is presented for payment.

The amount of the Trade Charge indicated on the packet when collected from the addressee will be remitted directly to the sender, by Money Order or Postal Order, after deduction of the amount of the fee due to the office of delivery and the commission on the Money Order or Postal Order. When the Order is presented at the Post Office for payment, the Certificate of Posting which was issued when the packet was posted must be given up to the Postmaster.

APPENDIX

TELEGRAPHS AND TELEPHONES

TELEGRAPHS :

- Inland Telegrams.
- Foreign and Colonial Telegrams.
- Radiotelegrams.

TELEPHONES.

PRIVATE TELEGRAPHS AND TELEPHONES.

INLAND TELEGRAMS

The charge is 9d. for the first 12 words, including the address, and $\frac{1}{2}$ d. for every additional word.

Counting : Compound Words, Proper Names, Figures, Abbreviations, etc.

Telegrams in plain language in any modern European tongue or in Latin are charged for according to the number of words ; but all words not forming part of any modern European language or of Latin, and all unintelligible combinations of letters are charged for at the rate of five letters to a word.

With the exception of words which are ordinarily written as one, or coupled by hyphens, as "mother-in-law," "forty-seven," "warehouse-man," no combination of words is counted as one word.

Such names as O'Niel, MacDonald, De la Rue, and names with the prefix "St.," as St. Pancras, are charged for as single words ; but double names like Bouverie-Tracy, although written with a hyphen, are counted as two words.

Such abbreviations as "can't," "won't," "don't," "shan't," "couldn't," are counted as single words.

Figures are counted at the rate of five figures to a word. For example, "38563" counts as one word, while "385634" counts as two words. Fractions are counted according to the number of figures employed, the mark of division being counted as a figure—thus " $\frac{1}{2}$ " counts as one word, " $2\frac{3}{4}$ " as one, " $109\frac{7}{8}$ " as two. In groups of figures a stop or oblique stroke is counted as a figure. The symbols %, a/c, b/l and c/o are each counted as one word. In ordinal numbers the affix st, nd, rd, or th is counted as two figures—thus, "1st" counts as one word, "1432nd" as two words.

Where a figure or a group of figures is followed or preceded by a letter (except in the case of ordinal numbers as above), the letter is counted as a word—thus, 104a or A104 counts as two words. Letters added to figures to denote the number of a house in an address are, however, counted as figures.

Initial letters are each counted as one word ; but, exceptionally the initials of the London Postal Districts (*e.g.*, S.W.) are counted as one word for each group. Postal numbers included in the addresses of telegrams are chargeable as one word each. The letters A.M. and P.M. are counted as one word for each group, and the letters H.M.S. are also counted as one word in the address of an Inland Telegram intended for one of His Majesty's Ships.

Certain names of places are counted as one word each, irrespective of the number of words of which they are composed. These fall into three classes as follows :—

- (a) All names of Towns and Villages in the United Kingdom ;
- (b) The names of those railway stations (not in towns) at which telegraph business is transacted on behalf of the Post Office ;
- (c) The names of Foreign Telegraph Offices mentioned in the International List of Telegraph Offices.

For example, "Newcastle-on-Tyne," "Abbey Holme," "Bodmin Road," and "Davos Platz," are counted as one word each.

The names of Town Sub-Offices and Branch Offices and all other names, are counted according to the number of words of which they are composed. For example, "Hanging Ditch" and "Drury Lane" are each counted as two words.

APPENDIX

When it is necessary to add the name of a town or county to the name of a place to distinguish it from another place of the same name, the name of the town or county is not charged for.

When words are underlined, or placed in a parenthesis, or within inverted commas, one extra word is charged for.

Telegram Forms and Mode of Payment

Telegrams should be written on the proper forms. Unstamped forms can be obtained free of charge, and postage stamps should be affixed to them by the senders.

Mode of Delivery and Portorage Charges

Telegrams are delivered free of charge within three miles of the Office nearest the address, which is called the Terminal Office; and when that office is a Head Post Office no charge is made for delivery within the town postal delivery even if that extends for more than three miles.

Prepayment of Replies

The cost of a reply, not exceeding forty-eight words, may be prepaid.

Registered Abbreviated Addresses

Any person may register an abbreviated or arbitrary address on payment of a registration fee of £1 1s. a year, dating from the day of registration. The address must consist of two words, one of which is to be the name of the town or place of delivery; the other must be a dictionary word, containing not more than ten letters, taken from one of the eight languages permissible in code telegrams. Telegrams intended to be delivered to the care of a person who has registered an abbreviated address, must have "care of" or "c/o" written before the abbreviated address, thus: "Smith, care of Hercules, London." The symbol c/o counts as one word.

Multiple Address Telegrams

Copies of a telegram directed to more than one person in the same free delivery are delivered on prepayment of a charge of the ordinary telegram charges, in addition to a charge of threepence for every copy beyond the first.

Repetition of Telegrams

Telegrams can be repeated, if the sender desires it, by being telegraphed back from office to office throughout the course of transmission. The charge for repetition, which must be paid when the telegram is handed in, is one-half the ordinary tariff.

If the receiver of a telegram doubts its accuracy he may have it repeated by paying half the amount paid for its transmission to him. For example, if 20 words in a message of 40 words are to be repeated the payment would be 6½d. The minimum charge, however, for repetition (even of a single word) is 4½d. The money will be refunded if it should turn out that the original telegram was incorrectly transmitted.

Cancelling Telegrams

The sender may have his telegram cancelled, and if it be cancelled before the commencement of transmission the sum paid will be returned at the time, less a fee of 3d. for cancelling it; but if transmission has commenced, the sum will not be returned.

FOREIGN AND COLONIAL TELEGRAMS

Telegram Forms and Mode of Payment

Special forms are provided for Foreign and Colonial telegrams; telegrams written on forms supplied by the Cable Companies are also accepted at Post Offices. Stamps must be affixed to the forms by the senders.

APPENDIX

A receipt for a telegram can be obtained for 1*d.* A certified copy of a telegram can be obtained on application to the Secretary, General Post Office, at a charge of 5*d.* ; postmasters are not allowed to supply such copies.

¹ Plain language ; Code language ; Cypher

Telegrams in plain language are those composed of words, figures, and letters which offer an intelligible meaning. They may be expressed in any of the principal European languages, and certain others. They must be written in Roman characters.

Code language is composed of real words not forming comprehensible phrases, or of pronounceable groups of letters having the appearance of real words. No word or group of letters must exceed ten letters in length. The real words may be drawn from any of the following languages :—English, French, German, Italian, Spanish, Portuguese, Dutch, and Latin ; the groups of letters must be pronounceable according to the current usage of one of those languages.

Cypher is composed of—

- (a) Arabic figures or groups or series of Arabic figures having a secret meaning, or letters or groups or series of letters having a secret meaning ;
- (b) Words, names, expressions, or combinations of letters not fulfilling the conditions applicable to plain language or code,

Letter and figure cypher cannot be combined in one group.

It is desirable to avoid the use of letter cypher as far as possible, as it is less easy to transmit than pronounceable groups of letters, and is, therefore, more liable to error. Where letter cypher is used, it should be arranged in groups of five letters, in order to facilitate transmission.

Combinations in plain language, code or cypher, formed by running together two or more real words (whole or contracted), or a real word and some other expression, are prohibited.

Counting : Compound Words, Misspelt Words, Figures, etc.

In plain language the maximum number of letters allowed to pass at the charge for a single word is 15, any excess being charged for at the rate of 15 letters to a word.

Subject to this limit, ordinary compound words and names of towns, countries, provinces, places, family names, and names of ships, written without break, are counted as single words ; the same mode of counting applies to the names of streets, squares, etc., but the words " street," " square," etc., or their equivalents in other languages cannot be combined, contrary to the usage of the language, with such names so as to form a single chargeable word. If joined by a hyphen or separated by an apostrophe such compound words or names are counted as so many separate words. Compound numbers written in words and without break are also counted as single words, subject to the same limit as to the number of letters. The name of the office of destination in the address is charged for as one word whatever its length ; and when the name of the country, state, province, or district has to be added to distinguish the office from others of the same name, the whole expression is charged for as one word, provided it is written in accordance with the International List of Telegraph Offices.

Words incorrectly spelled, so as to reduce the number of letters below the maximum, or incorrectly joined together, contrary to the usage of the language, are inadmissible.

If the sender of a telegram from a place abroad improperly joins together words for the purpose of reducing the charge, the amount undercharged is collected from the addressee.

In all telegrams every isolated letter or figure is charged for as a word. Groups of letters forming cypher and groups of figures are counted at the rate of five letters or figures to a word, and at the same rate for any excess.

¹ There are special restrictions in force during the war.

APPENDIX

¹ RADIOTELEGRAMS

Radiotelegrams are accepted at any Telegraph Office for transmission to ships equipped with wireless telegraph apparatus through the under-mentioned coast stations in the United Kingdom :—Caister-on-Sea, Crookhaven, Cullercoats, Fishguard, Land's End, Malin Head, Niton, North Foreland, and Seaforth.

Charges.—The charge for a radiotelegram sent through a British Coast Station to an ocean liner may be had on application.

Long-distance Communication.—Radiotelegrams can be sent through the Marconi Company's station at Poldhu at an inclusive charge of 3s. a word without a minimum, provided that the ship is not within range of any other British station. Such radiotelegrams must bear the name of the station "Poldhu" in the address. The station only communicates with ships at night, and if ships have passed its range (about 1,500 miles) the messages are forwarded by cable to the long-distance station of the Marconi Company at Cape Cod, Massachusetts, and thence transmitted to the ship without additional charge. If the radiotelegrams fail to be delivered through any fault of the service, the charge will be refunded to the sender on application; but he will not necessarily receive a notice of non-delivery.

Communications through coast stations abroad.—Radiotelegrams can also be sent to certain ships through coast stations abroad.

Address.—The address of a radiotelegram to be delivered to a ship through a Coast Station in the United Kingdom should contain (1) the name of the addressee, (2) the name of the ship (prefixed "steamship" when there is a risk of the name of the ship being confused with the name of a Telegraph Office), and (3) the word "Wireless," or the name of the Coast Station through which the sender wishes the radiotelegram to be sent. For example, "Jones, Steamship New York, Wireless," or "Jones, Caledonia M.A.I., Wireless."

TELEPHONES

The Local telephonic system formerly owned and worked by the National Telephone Company has been transferred to the Postmaster-General, who now controls the entire Trunk and Local Telephone Service throughout the United Kingdom, except in Portsmouth and in Hull, where both the Corporation and the Post Office carry on telephone business.

TRUNK LINES

The Telephone Trunk Lines which connect the various Telephone Exchange areas throughout the Kingdom can be used by callers at Post Offices which are connected with the Trunk Telephone system as well as by subscribers and callers using Telephone Exchanges.

The fees for the use of the Trunk lines are as follows :—

For 25 miles or under	.. ..	Fourpence.
" 50 "	"	Eightpence.
" 75 "	"	One Shilling.
" 100 "	"	One Shilling and Fourpence.
" every additional 40 miles or fraction thereof	.. ..	Eightpence.

Special rates are charged where submarine lines are used.

The unit period of conversation is three minutes from the time when the caller or subscriber has been informed that the connection is completed, but any caller, by prepaying a double fee, may secure either the uninterrupted use of a Trunk line for six minutes or the option of extending a three minutes' conversation to six minutes on demand at the end of the first period.

No person is entitled to use a Trunk line continuously for more than six minutes.

¹ This service to and from ships is suspended, except for Government messages.

APPENDIX

The charge for a six minutes' conversation between 7 p.m. and 7 a.m. is the same as for a conversation of three minutes' duration in the day time. During the same period, for a three minutes' conversation, for which the day charge is 1s., a reduced fee of 8d. is charged, and half the usual day charge is made where the ordinary fee is 1s. 4d., or more.

When on weekdays (excluding Saturdays) the Telephone Trunk traffic is light, *e.g.*, in many cases before 9 a.m., between 1 and 2 p.m., and between 5 and 6 p.m., the use of the Trunk Telephone lines for conversations of one or more half-hourly periods is permitted at a charge of three-quarters of the normal Trunk fees for such periods.

PRIVATE TELEGRAPHS AND TELEPHONES

The Postmaster-General undertakes the construction and maintenance, on rental terms, of private telegraph and telephone lines. Such lines may be between the offices or houses of firms or private individuals, or between such offices or houses and Postal Telegraph Offices. By means of such lines to Postal Telegraph Offices the renter can send and receive telegrams, forward messages for delivery as express or ordinary letters, or obtain the services of express messengers in the manner described above.

MONEY ORDERS AND POSTAL ORDERS

An Inland Money Order may be obtained for any sum, not comprising a fractional part of a penny, up to £40; for transmission abroad the limit varies from £20 to £40. If payable in the United Kingdom an Order may be crossed for payment through a Bank.

Orders for payment of sums up to £40 may also be transmitted by telegraph to offices within the United Kingdom, and to certain Foreign Countries.

Postal Orders can be obtained for 6d. and for any multiple of 6d. up to £1, and also for £1 1s. 0d. Intermediate amounts may be made up by affixing Postage Stamps not exceeding three in number and 5d. in total value. The Orders may be cashed at any office which the sender, or, in default of the sender, the payee, selects.

INLAND MONEY ORDERS

Rates of Poundage

The rates of poundage on ordinary Inland Money Orders are :—

For sums not exceeding £1	2d.
" above £1 and not exceeding £3 ..	3d.
" " £3 " " £10 ..	4d.
" " £10 " " £20 ..	6d.
" " £20 " " £30 ..	8d.
" " £30 " " £40 ..	10d.

Mode of Application for Money Orders

When applying for Money Orders the public should use the printed requisition form which is supplied gratuitously at all Money Order Offices, and should state thereon as fully as possible the name, title or designation, as the case may be, of the Payee.

The Remitter may request at the time of issue that the Order be crossed like a cheque thus "_____ & Co.," in order that it may be paid only through a bank, or the Remitter may cross the Order after obtaining it.

APPENDIX

Advices of Payment

The Remitter of an Order payable in the United Kingdom may request to be informed when the Order has been paid. In such case he must apply at the Office of Issue, either at the time of issue of the Order, or subsequently, and pay a fee of 2*d.* The Issuing Postmaster will then arrange for an Advice of Payment to be sent to the Remitter.

Transmission of Order to Payee

A Money Order, when issued, is handed by the Postmaster to the Remitter to be transmitted by him to the Payee, and an Advice is sent from the Issuing Office to the Paying Office, containing information as to the amount and as to the name of the Payee and of the Remitter.

Unless the Order be presented through a bank, the person presenting it for payment must furnish the Remitter's name for comparison with the advice.

Cashing of Orders

If, when an Order is presented for payment (otherwise than through a bank), it is properly receipted, and the name of the Remitter, as furnished by the applicant, is in agreement with the Advice, it will be paid, unless the Postmaster has good reason for believing that the applicant is neither the Payee nor his agent. In the case of a Money Order payable to any company, corporation or society, the name of the Payee must be stamped or written in the receipt space, and where it is written the person presenting the Order must also sign his own name, and state his office in the company.

If payment of an Order be refused, in consequence of the Remitter's name not being furnished correctly, or in consequence of the signature on the Order not corresponding with the entry on the Advice, the applicant for payment should communicate with the Remitter, and request him to apply to the issuing Postmaster.

Payment through a Banker

The holder of a Money Order payable in the United Kingdom may direct, by crossing it, that the Order be paid through a bank, even though its payment was not originally so restricted.

Stoppage of Payment

If it be desired to stop payment of an Order payable in the United Kingdom, a notice, accompanied by a fee of fourpence in postage stamps, must be sent to the office where the Order is payable.

Deferring Payment

If the Remitter of a Money Order is desirous of delaying payment for any period not exceeding ten days, he must, at the time of issue, fill up and sign the request printed at the foot of the Order, and inform the Postmaster. An Order deferred for ten days and issued (say) on the 1st day of a month would become payable on the 11th.

APPENDIX

Limit of Amount and Charges for Telegraph Money Orders

No single Telegraph Money Order can be issued for a greater amount than £40.

The charges for Inland Telegraph Orders are as follows :—

- (1) A Money Order poundage at the ordinary rate for Inland Money Orders.
- (2) A charge for the Official Telegram of Advice to the office of payment at the ordinary rate for Inland Telegrams, the minimum being 9d.
- (3) A supplementary fee of 2d. for each Order.

Remitter's Instructions as to Delivery

In order to avoid any misunderstanding, the Remitter, when filling up the printed Form of Requisition, should state clearly whether the Order is to be called for at the Post Office or delivered at the Payee's address.

(a) If the Order is to be kept at the Paying Office till called for, he should write the name of the Paying Office in the space provided, and give the Payee's address as "Postoffice." He should inform the Payee of the despatch of the Order and of the name of the Post Office at which he must apply for it, unless this is already known to the Payee.

(b) If the Order is to be delivered at the Payee's address, the Remitter must furnish on the Form of Requisition a sufficient address.

(c) The person applying for payment must in all cases furnish the name of the Remitter, and if the Order is addressed "to be called for" at the Post Office, he must also produce evidence of his identity. If the Remitter wishes his name (or name and address) to be delivered to the Payee with the order, the words must be paid for as a private message to be added to the official telegram of advice.

(d) A registered abbreviated address cannot be accepted in place of the name of the Payee, but it may be used as an address only, if prefixed by the symbol "c/o." Thus an Order cannot be made payable to "Ajax, London," but it may be drawn in favour of "John Wilson, c/o Ajax, London." The use of abbreviated addresses may, however, in some cases give rise to delay in payment.

Crossing for Payment through a Bank

The Remitter may give directions for the Order to be crossed for payment through a bank, in which case he must pay for the insertion of the word "crossed" in the Telegram of Advice.

Private Messages from Remitter to Payee

The Remitter of a Telegraph Money Order is allowed, on paying for the additional words required, to have a short private communication for the Payee, not exceeding twelve words, added to the Official Telegram of Advice. The communication must be in plain words, and must be written by the Remitter in the space provided for the purpose in the Requisition Form. If desired, the private message may include the Remitter's own name (or name and address), which information is not in ordinary course communicated to the Payee.

Certificate of Issue

A Certificate of Issue is handed to the Remitter of every Telegraph Money Order, and this Certificate should accompany any inquiry respecting the Order.

APPENDIX

FOREIGN AND COLONIAL MONEY ORDERS

Rates of Poundage.

- | | |
|--|--|
| <p>(a) For Orders payable in British Dominions, Colonies, Protectorates, etc. (including India, Aden, and the Indian Postal Agencies, and Egypt and the Sudan), the British Postal Agencies in China, Morocco, and at Panama, or in any of the following Countries—</p> <p style="padding-left: 20px;">France and Algeria,</p> <p style="padding-left: 20px;">French Colonies: Dahomey, French Congo, French Guinea, French India, French Togoland, Ivory Coast, Madagascar, Mauritania, New Caledonia, Senegal, and Upper Senegal and Niger</p> <p style="padding-left: 20px;">Italy and Italian Offices in Benadir, Eritrea, and Libya</p> <p style="padding-left: 20px;">Japan with Corea, Formosa, Karafuto and Japanese Agencies in China and Manchuria</p> <p style="padding-left: 20px;">Portugal (including Madeira and the Azores)</p> <p style="padding-left: 20px;">Portuguese Colonies: Angola, Cape Verde Islands, Mozambique, Macao, Portuguese Guinea, Portuguese India, Timor, and St. Thomas and Principe</p> <p style="padding-left: 20px;">Roumania</p> <p style="padding-left: 20px;">Russia and Russian Agencies in China</p> | <p>3d. for
every £1
or
fraction
of £1.</p> |
| <p>(b) For Orders payable in all Foreign Countries not mentioned under (a)</p> | <p>4d. for every £1
or fraction of £1.</p> |

Mode of Application

A person applying for a Money Order payable abroad, should fill up the Special Requisition Form supplied for the purpose.

The issuing Postmaster will hand to the Remitter, either

- (1) A Money Order to be forwarded by post to the Payee for presentation at the office of payment.

or,

- (2) A Certificate of Issue, in which case payment will be made by means of an Order which will be issued by the Postal Administration abroad.

Period for which Orders are valid

Orders issued in the United Kingdom for payment abroad are valid for **twelve months** after the month of issue, except Orders payable in the Belgian Congo, which are valid for **eight months** only; in India, the Dutch West Indies, and Uruguay, for **six months** only; and in Brazil for **five months** only, after the month of issue.

The charges for Foreign Telegraph Money Orders issued in the United Kingdom are as follows:—

- (1) Money Order poundage at the ordinary rate for Money Orders payable abroad.
- (2) A charge for the Telegram of Advice at the Ordinary, or, in certain cases, the *deferred* rate for telegrams addressed to the place of destination.

[NOTE.—The ordinary rate must be charged for the Telegrams of Advice of all Orders payable in Foreign Countries, but Telegraph Money Orders payable in any British Colony, Dependency, etc., may be sent at the deferred or ordinary rates at the option of the remitter.]

- (3) A Supplementary Fee as follows—

For Foreign Countries—6d.

For British Colonies and Dependencies (except Canada and Newfoundland)—1s.

For Canada and Newfoundland—6d. at ordinary rate, 1s. at deferred rate.

The Remitter is allowed, on paying for the additional words required, to add to the official Telegram of Advice any short communication which he may wish to send to the Payee.

APPENDIX

POSTAL ORDERS Amounts and Poundage

The following are the amounts for which Postal Orders are issued, together with the Poundage payable in the United Kingdom in respect of each Order :—

<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>	<i>s.</i>	<i>d.</i>	<i>d.</i>
0	6	.. I	6	0	.. I	11	6	.. I	17	0	.. I½
1	0	.. I	6	6	.. I	12	0	.. I	17	6	.. I½
1	6	.. I	7	0	.. I	12	6	.. I	18	0	.. I½
2	0	.. I	7	6	.. I	13	0	.. I	18	6	.. I½
2	6	.. I	8	0	.. I	13	6	.. I	19	0	.. I½
3	0	.. I	8	6	.. I	14	0	.. I	19	6	.. I½
3	6	.. I	9	0	.. I	14	6	.. I	20	0	.. I½
4	0	.. I	9	6	.. I	15	0	.. I	21	0	.. I½
4	6	.. I	10	0	.. I	15	6	.. I½			
5	0	.. I	10	6	.. I	16	0	.. I½			
5	6	.. I	11	0	.. I	16	6	.. I½			

Postage Stamps affixed to Postal Orders

The sender of a Postal Order, whether made payable in the United Kingdom or elsewhere (excepting Canada), may increase its value by an amount not exceeding 5d. by affixing British Postage Stamps not exceeding three in number to the face of the Order. No credit will be given for stamps which are in excess of three or which are affixed elsewhere than in the spaces provided. Odd half-pence will not be paid. Stamps perforated with initials or marks or embossed or impressed stamps cut out of envelopes, post-cards, etc., cannot be accepted for this purpose.

Places of Issue and Payment

British Postal Orders are issued and paid in the under-mentioned British Possessions and other places abroad :—

Aden.	*Gold Coast.	*North Borneo (State of).
Andaman Islands.	*Grenada.	*Panama (British Agency).
Ascension.	Hong Kong.	Penrhyn Island.
†Australia.	*India and Indian Post Offices on the Persian Gulf and in Tibet.	*Rhodesia (Northern).
*Bahamas.	*Jamaica.	*Rhodesia (Southern).
Baluchistan.	Johore.	St. Helena.
*Barbados.	Kedah.	*St. Lucia.
Basutoland.	Labuan.	*St. Vincent.
*Bechuanaland Protectorate.	*Leeward Islands.	Samoa (Apia)
*Bermuda.	Anguilla.	Salonika (British Army Post Office).
British Bechuanaland.	*Antigua.	Sarawak.
*British Central Africa.	*Dominica.	Savage Island.
*British East Africa.	*Montserrat.	*Seychelles.
*British Guiana.	*Nevis.	Sierra Leone.
*British Honduras.	*St. Kitts.	Solomon Islands.
†Canada.	*Virgin Islands.	*Somaliland Protectorate.
*Cayman Islands.	*Malta.	South Africa (Union of).
*Ceylon.	Mauritius.	South West Africa Protectorate.
Chatham Islands.	*Morocco (British Agencies at Casablanca, Fez, Larache, Marrakesh, Mazagan, Mogador, Rabat, Saffi, Tangier, and Tetuan).	Straits Settlements.
*Cyprus.	*Newfoundland.	Swaziland.
Egypt (including the Sudan).	*New Zealand.	*Tobago.
*Falkland Islands.	*Nigeria.	Togoland (British and French).
Fanning Island.	*Nyasaland (British Central Africa).	Tonga Islands Protectorate.
*Federated Malay States.		*Transvaal (Province of).
*Fiji.		Trinidad.
*Gambia.		*Turks and Caicos Islands.
*Gibraltar.		*Uganda.
Gilbert and Ellice Islands.		*Zanzibar.

* Postage Stamps of these Countries and British Agencies, when properly affixed to British Postal Orders by the senders, will be paid up to the value of 5d. Postage Stamps of British Agencies are not recognised for this purpose if the value has been overprinted in *local currency* (see Regulations on preceding page regarding Postage Stamps affixed to Postal Orders).

† British Postal Orders are paid at certain Offices in Canada, but are not issued in Canada.

‡ British Postal Orders are paid in Australia when issued to soldiers; they are not issued in Australia for payment elsewhere.

APPENDIX

Period during which Orders are payable

If an order be not paid within three months from the last day of the month of issue, a commission equal to the original poundage will be charged. The commission thus paid must be affixed in Postage Stamps to the back of the Order. Postal Orders which are not presented for payment within six months from the last day of the month of issue must be sent to the Controller of the Money Order Department, London, with a request for payment at some specified Office.

Filling in of Order

The purchaser of a Postal Order must, before parting with it, fill in the name of the person to whom the amount is to be paid, and is recommended to fill in the name of the Office of Payment as a precaution in case the Order should be lost or stolen. If the purchaser does not know which Post Office is most convenient to the payee, he should insert the name of the town, village or district where the payee resides. The Order will then be paid at any Post Office in the place named. An Order intended to be paid only at the Head Office of a place should bear the words "Head Office" after the name of the place, *e.g.*, "Liverpool Head Office."

Counterfoils

Every person to whom a Postal Order is issued should tear off and retain the counterfoil. Its production will facilitate inquiry if the Order should be lost.

Miscarriage or Loss

The Postmaster-General cannot undertake to consider any application respecting a Postal Order which has miscarried, or which has been lost or destroyed, unless the counterfoil be produced, and unless proof be given to his satisfaction that the name of the payee was inserted in the Order before the holder parted with it.

After a Postal Order has once been paid, to whomsoever it is paid, the Postmaster-General will not be liable to any further claim.

Payment to the Public

Before a Postal Order is paid the name of the Payee and the name of the Office of payment must have been filled in and the Order must be properly receipted.

At Offices which are not Money Order Offices there may occasionally be delay in cashing a Postal Order.

Payment through Bankers

If a Postal Order be crossed, payment will only be made through a banker; and, if the name of a banker be added, payment will only be made through that banker.

A Postal Order presented by, or through, a banker for payment will not (in the absence of an express arrangement between that banker and the Postmaster-General to the contrary) be paid until after the Order has been examined at the Chief Office in London.

Repayment to Sender

The sender of a Postal Order can obtain repayment of the amount (but not the poundage) on presenting the Order and the Counterfoil at the issuing Office. If the Order has been crossed for payment through a bank, the sender must first cancel the crossing by writing across the face of the Order the words "Please pay cash" and adding his initials.

Erasures, Alterations, etc.

If any erasure or alteration is made, or if the Order is cut, defaced, or mutilated, payment may be refused.

APPENDIX

Postal Orders not Negotiable

Postal Orders do not, like Bank of England Notes, represent value in themselves. If an order is lost or stolen, no person into whose hands it may fall, though himself innocent, is entitled to receive the amount of the Order. The rightful owner is alone entitled to cash the Order.

EXCLUSIVE RIGHTS OF THE POSTMASTER-GENERAL

Postal

Subject to certain exceptions, the Postmaster-General possesses, by virtue of the Post Office Acts, the exclusive privilege of carrying letters from place to place, and of performing all incidental services such as those of collecting and delivering letters.

The principal exceptions are—

Letters sent by a private friend, on his journey, to be delivered to the person to whom they are directed.

Letters sent by the servant of the sender or by a special messenger employed by him.

Letters concerning goods sent by carrier, such letters being carried gratuitously and delivered with the goods to which they relate.

But no collection of letters of any kind (whether exempt from the Postmaster-General's privilege or not) can be made for the purpose of conveyance or delivery, and carriers are specially prohibited from carrying letters.

Railway Companies are carriers, and no letter may be sent by a Railway Company except in the Postmaster-General's Mails or under the arrangement as to single letters.

Penalties are imposed for any infringement of the Postmaster-General's rights.

Telegraphic

Subject to certain exceptions, the Postmaster-General possesses, by virtue of the Telegraph Acts, the exclusive privilege of transmitting telegrams within the United Kingdom, and of performing all the incidental services of receiving, collecting, and delivering telegrams.

Foreign telegrams, *i.e.*, telegrams transmitted to or from any place out of the United Kingdom, are not within the Postmaster-General's monopoly.

APPENDIX

THE following tables of statistics relating to Foreign Trade are taken from the *Board of Trade Journal* by courtesy of the Director of the Commercial Intelligence Branch of the Board of Trade.

FOREIGN TRADE OF THE UNITED KINGDOM IN THE YEAR 1913

Imports (Value C.I.F.*)—Year ended 31st December

	Year ended 31st December.			Increase (+) or Decrease (-) in 1913 as compared with 1912.	Increase (+) or Decrease (-) in 1913 as compared with 1911.
	1911.	1912.	1913.		
I.—Food, Drink, and Tobacco—					
A. Grain and flour	£ 75,760,943	£ 88,496,284	£ 85,527,938	- 2,968,346	+ 9,766,995
B. Meat, including animals for food	49,722,183	49,079,559	56,743,914	+ 7,664,355	+ 7,021,731
C. Other food and drink— 1. Non-dutiable	73,638,263	77,319,259	81,265,948	+ 3,946,689	+ 7,627,685
2. Dutiable	59,551,830	59,333,614	58,791,211	- 542,403	- 760,619
D. Tobacco	5,284,918	6,350,115	8,068,293	+ 1,709,178	+ 2,783,375
Total, Class I.	£ 203,958,137	£ 280,587,831	£ 290,397,304	+ 9,809,473	+ 20,439,167
II.—Raw Materials and Articles Mainly Unmanufactured—					
A. Coal, coke, and manufactured fuel	29,779	276,516	36,700	- 239,816	+ 6,921
B. Iron ore, scrap iron, and steel	5,799,162	6,219,050	7,432,760	+ 1,213,710	+ 1,633,598
C. Other metallic ores	8,859,967	9,059,505	10,197,475	+ 1,137,970	+ 1,337,508
D. Wood and timber	25,862,171	28,357,158	33,789,356	+ 5,432,198	+ 7,027,185
E. Cotton	71,155,514	80,238,960	70,570,511	- 9,668,449	- 585,003
F. Wool	36,037,451	36,567,818	37,787,338	+ 1,219,520	+ 1,749,887
G. Other textile materials	14,611,045	18,578,100	19,751,121	+ 1,173,021	+ 5,140,070
H. Oil-seeds, nuts, oils, fats, and gums	35,047,549	37,418,767	41,636,408	+ 4,217,641	+ 6,588,850
I. Hides and undressed skins	11,106,664	13,690,265	15,067,595	+ 1,377,330	+ 3,960,931
J. Paper-making materials ..	4,749,521	5,566,996	5,815,576	+ 248,580	+ 1,066,055
K. Miscellaneous	34,000,038	30,604,431	30,830,040	+ 144,618	+ 4,910,011
Total, Class II.	£ 243,158,861	£ 275,007,566	£ 281,923,889	+ 6,256,323	+ 33,765,028
III.—Articles Wholly or Mainly Manufactured—					
A. Iron and steel and manufac- tures thereof	11,133,854	12,961,991	15,230,694	+ 2,268,703	+ 4,096,840
B. Other metals and manufac- tures thereof	27,581,244	31,197,428	32,102,246	+ 904,818	+ 4,521,002
C. Cutlery, hardware, imple- ments (except machine tools) and instruments	5,273,043	6,991,329	7,376,947	+ 385,618	+ 2,103,904
D. Electrical goods and apparat- us (other than machinery and telegraph and telephone wire)	1,435,492	1,457,643	1,587,318	+ 129,675	+ 151,826
E. Machinery	5,768,662	6,820,683	7,282,046	+ 461,363	+ 1,513,381
F. Ships (new)	64,484	33,654	34,104	+ 510	- 30,320
G. Manufactures of wood and timber (including furniture)	2,551,897	2,873,828	3,583,410	+ 709,582	+ 1,031,513
H. Yarns and textile fabrics— 1. Cotton	11,279,717	11,511,622	12,248,890	+ 737,268	+ 969,173
2. Wool	9,586,856	10,112,331	10,190,446	+ 378,115	+ 903,590
3. Silk	13,441,249	14,356,280	15,115,581	+ 759,301	+ 1,674,332
4. Other materials	7,894,776	8,890,211	9,129,183	+ 238,972	+ 1,234,407
I. Apparel	5,199,932	6,041,393	5,980,673	- 60,720	+ 780,741
J. Chemicals, drugs, dyes, and colours	11,411,060	12,545,758	12,906,509	+ 360,751	+ 1,495,449
K. Leather and manufactures thereof (including gloves, but excluding boots and shoes) ..	12,227,521	14,342,926	13,430,783	- 912,143	+ 1,203,262
L. Earthenware and glass ..	4,049,083	4,279,280	4,546,254	+ 266,974	+ 497,171

* The values of the Imports represent the cost, insurance, and freight; or, when goods are consigned for sale, the latest sale value of such goods.

APPENDIX

	Year ended 31st December.			Increase (+) or Decrease (-) in 1913 as compared with 1912.	Increase (+) or Decrease (-) in 1913 as compared with 1911.
	1911.	1912.	1913.		
III.—Articles Wholly or Mainly Manufactured—continued—					
M. Paper	6,574,550	7,231,437	7,674,539	+ 440,102	+ 1,099,989
N. Railway carriages and trucks (not of iron), motor-cars, cycles, carls, etc. .. .	6,500,046	7,851,343	8,359,434	+ 508,091	+ 1,859,388
O. Miscellaneous	23,583,645	25,064,607	26,520,055	+ 562,258	+ 2,943,310
Total, Class III.	£ 165,557,111	185,466,834	193,606,072	+ 8,139,238	+28,048,961
IV—Miscellaneous and Unclassified (including Parcel Post)—					
	£ 2,483,418	2,918,400	3,106,694	+ 188,294	+ 623,276
Total value ..	£ 880,157,527	744,640,631	769,033,959	+ 24,393,328	+ 88,878,43

The value of the Exports of home produce, and of foreign and colonial produce, during the twelve months ended December, 1913, as compared with the corresponding period of 1912 and 1911, is as shown in the following table:—

FOREIGN TRADE OF THE UNITED KINGDOM IN THE YEAR 1913

Exports of Produce and Manufactures of the United Kingdom (Value F.O.B.*)—Year ended 31st December

	£	£	£	£	£
I.—Food, Drink, and Tobacco—					
A. Grain and flour	3,573,905	4,238,880	3,564,983	- 673,897	- 8,922
B. Meat, including animals for food	1,023,361	1,102,582	1,230,000	+ 136,418	+ 215,639
C. Other food and drink	22,268,918	24,725,379	24,427,424	- 297,955	+ 2,158,500
D. Tobacco	2,171,394	2,618,967	3,376,353	+ 757,386	+ 1,204,959
Total, Class I.	£ 29,037,578	32,685,808	32,607,760	- 78,048	+ 3,570,181
II.—Raw Materials and Articles Mainly Unmanufactured—					
A. Coal, coke, and manufactured fuel	38,447,354	42,584,454	53,658,636	+11,074,182	+15,211,282
B. Iron ore, scrap iron, and steel	452,614	409,335	411,768	+ 2,433	- 40,840
C. Other metallic ores	110,965	115,068	130,487	+ 15,419	+ 19,522
D. Wood and timber	199,068	323,958	340,339	+ 16,381	+ 141,271
E. Cotton					
F. Wool	3,901,752	4,817,642	4,605,434	- 212,208	+ 703,682
G. Other textile materials	435,699	475,058	435,156	- 39,902	- 543
H. Oil-seeds, nuts, oils, fats, and gums	4,793,768	4,568,504	4,471,448	- 97,056	- 322,320
I. Hides and undressed skins	1,685,293	2,027,826	1,880,394	- 138,132	+ 201,101
J. Paper-making materials	818,580	927,668	959,645	+ 31,977	+ 141,065
K. Miscellaneous	2,880,437	3,167,940	2,994,121	- 173,819	+ 113,681
Total, Class II.	£ 53,725,530	59,417,453	69,896,428	+10,478,975	+16,170,808
III.—Articles Wholly or Mainly Manufactured—					
A. Iron and steel and manufactures thereof	43,730,292	48,597,677	54,328,292	+ 5,730,615	+10,598,000
B. Other metals and manufactures thereof	11,022,536	12,284,471	13,288,350	+ 1,003,879	+ 2,265,814
C. Cutlery, hardware, implements (except machine tools) and instruments	7,345,084	8,108,878	7,674,457	- 134,121	- 579,173
D. Electrical goods and apparatus (other than machinery and telegraph and telephone wire)	2,810,374	4,341,587	5,404,671	+ 1,063,084	+ 2,585,297
E. Machinery	30,960,678	33,158,015	37,027,582	+ 3,869,567	+ 6,066,904
F. Ships (new)	5,663,115	7,027,162	11,031,236	+ 4,004,074	+ 5,368,121
G. Manufactures of wood and timber (including furniture)	2,037,272	2,058,818	2,037,726	- 21,092	+ 454

* The values of the Exports represent the cost and the charges of delivering the goods on board the ship, and are known as the "free on board" values.

APPENDIX

	Year ended 31st December.			Increase (+) or Decrease (-) in 1913 as compared with 1912.		Increase (+) or Decrease (-) in 1913 as compared with 1911.	
	1911.	1912.	1913.				
III.—Articles Wholly or Mainly Manufactured—continued—							
H. Yarns and textile fabrics—							
1. Cotton	120,063,355	122,210,939	127,206,820	+ 4,986,881	+ 7,143,465		
2. Wool	37,239,197	37,773,504	37,686,781	- 86,723	+ 447,584		
3. Silk	2,381,528	2,225,739	2,157,013	- 68,726	- 224,515		
4. Other materials ..	13,198,734	14,576,309	14,826,432	+ 250,123	+ 1,627,678		
I. Apparel	13,820,465	15,722,778	16,426,112	+ 703,334	+ 2,605,647		
J. Chemicals, drugs, dyes, and colours	20,053,129	21,036,390	22,012,238	+ 975,848	+ 1,959,109		
K. Leather and manufactures thereof (including gloves, but excluding boots & shoes) ..	4,379,175	5,248,345	5,657,325	+ 408,980	+ 778,150		
L. Earthenware and glass ..	4,713,298	4,973,374	5,214,186	+ 240,812	+ 500,888		
M. Paper	3,310,066	3,559,317	3,678,680	+ 119,363	+ 367,714		
N. Railway carriages and trucks (not of iron), motor-cars, cycles, carts, etc. ..	8,125,047	9,758,210	11,373,566	+ 1,615,356	+ 3,248,519		
O. Miscellaneous	30,809,362	32,357,802	34,240,678	+ 1,882,876	+ 3,431,316		
Total, Class III. £	362,222,627	385,028,315	411,572,145	+26,543,830	+49,349,518		
IV.—Miscellaneous and Unclassified (including Parcel Post)—							
Total value .. £	9,133,563	10,091,863	11,385,083	+ 1,293,220	+ 2,251,520		
Total value .. £	454,119,298	487,223,439	525,461,416	+38,237,977	+71,342,114		

Exports of Foreign and Colonial Merchandise (Value F.O.B.)—Year ended 31st December.

Total value ..	£ 102,759,134	£ 111,737,691	£ 109,655,718	- 2,081,973	+ 6,896,584
----------------	---------------	---------------	---------------	-------------	-------------

TRADE OF FOREIGN COUNTRIES AND BRITISH POSSESSIONS

The following summary table has been prepared at the Board of Trade showing the total imports and exports of merchandise of the principal countries for which the particulars can be given up to November, 1913, inclusive, and referring in all cases to the same period, viz., the eleven months ended November. The corresponding figures for 1912 and 1911 are added for comparison—

	Imports (see NOTE). Eleven Months ended November.			Exports (Domestic) (see NOTE). Eleven Months ended November.		
	1911.	1912.	1913.	1911.	1912.	1913.
	£	£	£	£	£	£
Russia*	99,022,000	98,985,000	118,945,000	144,529,000	135,426,000	135,727,000
Germany ..	431,361,000	480,788,000	479,889,000	360,617,000	394,280,000	448,511,000
Belgium†	151,957,000	164,951,000	165,206,000	122,972,000	136,249,000	128,586,000
France ..	290,551,000	297,970,000	307,300,000	219,086,000	242,938,000	250,360,000
Spain ..	36,167,000	37,427,000	46,577,000	34,242,000	37,227,000	38,684,000
Italy; ..	122,955,000	132,653,000	130,733,000	79,416,000	86,221,000	89,955,000
Austria-Hungary	119,020,000	135,313,000	127,819,000	91,758,000	103,057,000	105,732,000
Egypt‡	25,574,000	23,809,000	25,707,000	24,700,000	29,140,000	27,250,000
United States	289,034,000	346,662,000	335,173,000	382,446,000	440,698,000	462,566,000
Brazil ..	47,702,000	56,843,000	62,190,000	59,263,000	65,968,000	57,940,000
Japan§	48,450,000	58,351,000	68,312,000	41,200,000	48,190,000	58,049,000
British India	87,198,000	97,429,000	115,292,000	134,372,000	148,305,000	148,234,000
Canada ..	94,395,000	120,136,000	126,222,000	51,092,000	62,350,000	78,196,000
British S. Africa	35,166,000	36,945,000	39,884,000	18,041,000	20,380,000	24,750,000
United Kingdom	521,407,000	568,279,000	598,005,000	475,711,000	445,975,000	482,134,000

* European, Russo-Finnish, and Black Sea Frontiers.

† Including silver bullion.

‡ Including bullion.

(Formosa) and Chosen (Corea).

§ Value of principal articles only.

§ Exclusive of trade with Taiwan

APPENDIX

A comparison of the total figures for the year ended 31st December is possible for four countries, as follows, viz.—

	Imports (<i>see NOTE</i>). Year ended December.			Exports (Domestic) (<i>see NOTE</i>). Year ended December.		
	1911.	1912.	1913.	1911.	1912.	1913.
	£	£	£	£	£	£
Germany	477,213,000	525,660,000	525,857,000	398,548,000	440,376,000	405,630,000
Belgium*	167,560,000	182,372,000	183,345,000	136,940,000	151,983,000	143,073,000
France	322,633,000	320,234,000	340,335,000	243,074,000	268,503,000	275,015,000
United Kingdom ..	577,398,000	632,003,000	659,378,000	451,110,000	487,223,000	525,261,000

* Value of *principal* articles only.

The latest figures available as regards other countries from which returns are received by the Board of Trade are as follows—

	Imports (<i>see NOTE</i>). Year ended December.			Exports (Domestic) (<i>see NOTE</i>). Year ended December.		
	1911.	1912.	1913.	1911.	1912.	1913.
	£	£	£	£	£	£
Switzerland (9 months) ..	51,115,000	54,883,000	54,811,000	36,447,000	39,709,000	40,267,000
Mexico* (9 months) ..	14,655,000*	13,971,000*	14,655,000*	11,609,000	13,499,000	11,748,000
Argentina†	55,294,000	56,703,000	63,437,000	52,196,000	72,962,000	79,325,000
Australia (10 months) ..	53,216,000	63,769,000	64,717,000	47,710,000	45,345,000	52,781,000

* Including bullion and specie.

† Including silver bullion.

The returns shown above are exclusive of bullion and specie, except where otherwise stated.

The values stated for the latest year shown are provisional and subject to rectification. In some cases all the values are those *declared* by importers or exporters, as in the United Kingdom; in others they are based on an official schedule of values which is subjected to revision after the close of each year, the values used in the current returns being those fixed in the latest completed revision. In general, the values so fixed represent the level of prices in the preceding year. The countries adopting the system of official values annually revised are:—Austria-Hungary, Belgium, France, Italy, Spain and (for imports) Germany and Switzerland. Exports from Switzerland and Germany are returned at "declared" values; for the first quarter of 1911, however, about one-third of the exports from Germany were returned at official values. *The figures in black type are based, wholly or mainly, on the prices of some earlier year than that under which they are shown.*

In the case of Russia, Germany, Belgium, France, Switzerland, Italy, Austria-Hungary, Egypt, Argentina, Japan, Canada, and the United Kingdom, the import figures given in the above summaries represent imports for home consumption. In all cases the export figures are intended to represent exports of domestic produce. In most cases, however, they include a certain amount of "nationalised" goods, *i.e.*, goods originally imported for consumption, and which, if dutiable, have been charged with duty, but which are subsequently re-exported.

INDEX

- A1, 550
- Abbreviations, Commercial, 566
 - used in Shipping, 406
- A.B.C. Code, 465
- Acceptance, 185, 187, 197
 - supra protest, 201
- Accident Insurance, 229
- Accommodation Bill, 189
- Accountant, 91
- Account Day, Stock Exchange, 275
 - Sales, 371, 518
- Accounts, Collection of, 121
 - , Payment of, 104
- A compte, 550
- Action in County Court, 296
- Active Partner, 69
- Act of God, 550
- Acts of Bankruptcy, 283
- Actual Total Loss, 446
- Addressing of Goods, 146
- Adjudication Order, 550
- Adjustment of Losses, Fire Insurance.
- Administration Order, 550 [228]
- Ad Valorem, 550
- Advance Freight, 434
 - Notes, 550
- Advertising, 31, 56
- Advice of Despatch of Goods, 496
- Affidavit of Debt, 300, 304
 - , Service of Summons, 307
- Agency, 80, 103
 - , Enquiry, 93
- Allonge, 192
- Allotment of Shares, 76
- Alphabetic Filing, 46
- Alterations of Bill, 186
 - of Cheque, 174
- American "Mediterranean" Route, 480
- Amortisement, 551
- Analysis, Petty Cash Book, 7
- Annual Meeting, 76
 - Returns, 76
- Ante-dated Bill, 186
 - Cheque, 174
- Arbitrage, 551
- Arbitration, 551
- Articles of Association, 73
 - of Partnership, 67
- Assay, 551
- Assign, 551
- Assignment of Policy, 428
- Association of Chambers of Commerce, 344
- Assurance, Life, 207
- Auction Sale, 110
- Authorised Capital, 74
- Authorised Stock Exchange Clerk, 252
- Average, 443
 - Adjuster, 458, 551
 - Bond, 457, 551
 - Clauses, 449
 - Conditions, Insurance, 228
 - Due Date, 124
 - , General, 443, 454
 - , Particular, 443, 450
 - Stater, 551
- BACKWARDATION, 551
- Backward Ship, 406
- Bad Debt Insurance, 245
- Baggage Sufferance, 383, 394
- Balance of Indebtedness, 323
- Ballast, 406
- Bank Account, 87, 168
 - Act, 348
 - Notes, 160
 - of England, 347
 - Pass Book, 171
 - Post Bills, 551
 - Rate, 357
 - , Foreign, 359
 - Return, 352
- Bankers, 164
- Bankers' Clearing House, 181, 354
 - Deposit Rate, 169
 - Termination of Authority, 178
- Banking Department Return, 353
- Bankruptcy, 280
 - , Acts of, 283
 - Discharge, 289
 - Notice, 283
 - Petition, 285, 291
- Barratry, 440, 552
- Barter, 154
- Battered Down, 552
- Bear, Stock Exchange, 272
- Bearer Cheques, 174
- Berth, 552
- Bill, Accommodation, 189

INDEX

- Bill of Exchange, 124, 183, 362, 515
 - — —, Stamp Duties on, 188
 - — —, Foreign, 195, 362
 - — —, — — —, Stamp Duties on, 197
 - — — of Health, 399, 400
 - — — of Lading, 373, 494, 500, 515
 - — —, Freight, 434
 - — — of Sale, 552
 - — — of Sight, 380
- Bimetallism, 150
- Binding Contracts, 98
- Blank Endorsement, 190
 - Transfer, 552
- Board of Trade, 329
 - — — Department of Overseas Trade, 337
 - — — Departments, 332
 - — —, Functions of, 330
 - — — Journal, 337
- Bond, Average, 457
 - Note, 392
- Bonded Goods, 107
 - Warehouses, 327
- Bonds to Bearer, 270
- Bonuses, Life Insurance, 213
- Bottomry Bond, 552
- Bounties, 326
- Boy Labour, 92
- Brand, 553
- Brassage, 553
- British Chambers of Commerce
 - Abroad, 345
 - Coinage, 539
 - Government Securities, 259
 - Returned Goods, 396
 - Weights and Measures, 530
- Broken Stowage, 406
- Brokerage, 103
- Brokers, 81, 103, 253, 413
 - , Outside, 255
- Broker's Account Sales, 371
 - Charges, 256
 - Sold Note, 99
- Bucket Shops, 256
- Bull, Stock Exchange, 272
- Bullion, 162
- Burglary Insurance, 244
- Burnt Ship, 445
- Business Names, registration of, 78
- Buyer, 483
- Buying, 89, 98
- CABINET File, 43
- Cables, Submarine, 477
- Cabling, 464
- C. & F. Basis, 485
 - — — Invoice, 514
- Calculating Prices, 484
- Calculations, Freight, 501
- Calculations, Interest, 519
 - , Life Insurance Premiums, 209
- Called-up Capital, 74
- Call option, 273
- Cambist, 553
- Canals, 132, 149
 - , Advantages of, 149
 - , Ship, 481
- Capital of Companies, 74
- Capture of Vessel, 440
- Carat, 553
- Carbon Copying, 54
- Card Index, 47, 49, 110
- Cargo Policy, 410
- Carriers, 150
- Carrying Over, 270
- Cartels, 82
- Cash Discount, 104
- Cashier, 91
- Cataloguing, 61
- Causa Proxima, 446
- Certificate of Origin, 506
 - , Registry, 399
- Certified Transfers, 553
- Chambers of Commerce, 340
- Change of Voyage, 419
- Charter Party, 399
- Cheap Money, 553
- Checking of Invoices, 120
- Cheques, 174
 - , Crossings of, 179
- Chop, 553
- C.I.F., 106
 - Quotation, 484
- Circular Letter of Credit, 560
- Circulars, 31
- Claims, Accident Insurance, 239
- Classification of Parcels, 142
- Clearance Outwards, 399
- Clearing Bankers' Account, 183
 - House, Bankers', 181, 354
- Clerks, Stock Exchange, 251
- C.O.D., 105
- Codes, Telegraphic, 465
- Coinage, 158, 538
- Coins, 157
- Collated Telegram, 553
- Collection of Accounts, 121
- Collision Clause, Institute, 460
- Colonial Letter Post, 20
 - Trade Enquiry Offices, 334
- Commercial Attachés, 339
 - Routes, 473
- Commission Agents, 103
- Committal of Debtor, 318
- Common Carrier, 150
- Companies, 71
 - Limited by Guarantee, 76
 - , Limited Liability, 72

INDEX

- Companies, Private, 72
- , Public, 73
- , Unlimited Liability, 72
- Compensation under Workmen's Compensation Act, 233
- Concealment, 424
- Condensing Letters into Telegrams, 36
- Conditions, Life Insurance, 219
- of Sale, 105, 108
- Confirmatory Indent, 488
- Consideration Money, 553
- Consignments, 518
- Consignment Instructions, 498
- Note, 17, 139, 144
- Consolidated Annuities, 554
- Consols, 554
- Constructive Total Loss, 448
- Consular Invoices, 507
- Consuls, 339
- Contango, 272, 554
- Continental Railways, 473
- Contingent Liability, 554
- Contract, Fire Insurance, 224
- Form, 100
- , Marine Insurance, 412
- Note, 99, 492
- Contracts, 99, 108, 491
- Contra Interest, 521
- Copying Letters, 54
- Copy Press, 2
- Corners, 82
- Correcting Proofs, 62
- Correspondence, Commercial, 23
- , Handling of, 27
- , Inward, 1, 27
- , Outgoing, 1
- Register, 28
- Council Bills, 367
- Drafts, 554
- County Court, 294
- Fees, 301, 305
- Summons, 297
- Coupon, 554
- Course of Exchange, 360
- Covering Note, 510
- Cover Note, 224, 226
- Cranage, 554
- Credit Note, 12
- Creditor's Petition, 291
- Crew List, 399
- Crossed Cheques, 179
- Cross Reference, 3, 45
- Cum Div., 554
- Drawing, 554
- New, 555
- Cumulative Dividend, 555
- Preference Shares, 74
- Currency, 154, 555
- Current Account, 87, 164, 168
- , Agent's, 519
- Custom House, 375, 555
- Customs Duties, 324
- Entry, 496
- Formalities, 378, 504
- Specifications, 504
- Cypher Telegrams, 464
- DAYS of Grace, 186, 494
- Day-to-Day Loans, 555
- Dead Freight, 555
- Letter Office, 555
- Reckoning, 555
- Dealer, 484
- Deal Ship, 406
- Debentures, 74
- Debit Note, 14
- Debts, Recovery of, 294
- Decimal Coinage, 163
- Declaration, Shipper's, 510
- Decode, 556
- Deed of Assignment, 281
- Composition, 281
- Default Summons, 297, 303
- Deferred Assurance, 218
- Rebates, 508
- Shares, 75
- Deficiency Bills, 556
- Del Credere, 81, 104
- Agent, 518
- Delivery Book, 139, 151, 152
- Note, 139
- of Goods, 107
- Order, 375, 556
- Demonetise, 556
- Demurrage, 556
- Department Head, 91
- Deposit Account, 164, 168
- , General Average, 457
- Derelict, 556
- Description, Sale by, 106
- Despatch of Goods, 139, 495
- Detention of Goods, 395
- Deviation, 419
- Disablement Insurance, 239
- Discharge of Bankrupt, 289
- of Bill, 194
- Discount, 104, 165, 193
- Rate, 357
- Discounting Bills, 193, 199
- Dishonoured Bill of Exchange, 188, 193
- Disposal of Foreign Bills, 199
- Dissenting Creditors, 281
- Dissolution of Partnership, 68, 70
- Distribution of Surplus, Life Insurance, 216
- Docks, 327

INDEX

- Dock and Town Dues Bill, 506
 - Warrant, 378, 556
- Documentary Bill, 201
- Domiciled Bill, 201
- Drafting Circulars, 31
- Drafts, 367
 - on Bankers, 517
- Drains on Gold Reserve, 356
- Drawback, 325
- Drawing up Reports, 32
- Due Date, 186
- Dunnage, 557
- Duplicating, 54
- Duties, Import, 325, 378
- EMBARGO, 557
- Employers' Liability, 230
- Enclosures, 4
- Endorsement of Bill of Exchange, 190
- Endowment Assurance, 217
- Enfaced Paper, 557
- Engaging Staff, 89
- English Measures with Metric Equivalents, 527
 - Weights, 529
- Enquiry Agents, 92
 - Offices, Colonial Trade, 334
- Entrepôt, 557
- Entry for Baggage, 383
 - — — Free Goods, 388
 - — — Home Use, 378
 - — — Warehousing, 383
- Estimate, 10, 101
- Ex All, 557
 - Coupon, 557
 - Dividend, 275, 557
 - Drawing, 557
 - New, 557
 - Quay, 107
 - Rights, 275
 - Ship, 108
 - Warehouse, 108
- Exchanges, Foreign, 360
- Exchequer Bills, 557
 - Bonds, 557
- Excise, 325
 - Drawback, 325
 - Officer, 325
- Execution, 314
 - , Levying of, 315
- Expansive Theory, 557
- Exporting, 483
- Export Invoice, 512
- Exports and Imports, 321
- Expressed Warranties, 421
- External Hazards, 226
- Extra Charges, Underwriters', 452
- FARMING Stock Policy, 228
- F.A.S., 106
- Favourable Rates of Exchange, 364
- F. C. & S. Clause, 438
- Fec Simple, 558
- Fidelity Guarantee, 244
- Fiduciary Issue, 356, 558
- Filing, 43, 52
- Fire Insurance, 224
 - , Marine Insurance, 437
- Firm Offer, 11
- First-Class Paper, 362, 558
- Floater, 558
- Floating Policy, 228, 415
- Flotsam, 558
- F.O.B., 106, 485
 - Invoice, 514
- Follow-up System, 46
- Force Majeure, 558
- Foreign Bank Rates, 359
 - Bills of Exchange, 195, 362
 - Chambers of Commerce, 343
 - Currency, 365, 539
 - Exchanges, 360
 - — —, Calculation of, 367
 - Letter Post, 20
 - Moneys, 539
 - Telegrams, 464
 - Trade, 321
 - Weights and Measures, 535
- Form E, 76
 - Letters, 32
 - of Præcipe, 297
 - of Protest, 200
- Founders' Shares, 75
- Franco, 106
 - Invoice, 515
- Free Overside, 107
 - Trade, 362
- Freight, 434
 - Calculations, 501
 - List, 402
 - Market Report, 402
 - Note, 498
 - Rates, 502
- Functions of a Banker, 164
- Funded Debt, 558
- Futures, 84
- GARNISHEE Order, 558
 - Proceedings, 318
- Gauge, 558
- Gauger, 558
- Gazette, 558
- Gelatine Process, 54
- General Acceptance, 187
 - Average, 443, 454
 - — — Deposit, 457
 - — — — Receipt, 458
 - — — Guarantee, 458
 - — — Contango, 275

INDEX

General Crossings, 179
 — Manager, 90
 Geographic Filing, 46
 Gilt-Edged Securities, 259, 559
 Godown, 559
 Gold, 157
 — Points, 362
 — Reserve, 354
 Government Debt, 352
 Gresham's Law, 159
 Guarantee, Companies Limited by,
 76
 —, General Average, 458
 — Insurance, 244
 Guinea Pig, 559

HALFPENNY Post, 20
 Hammered, 559
 Hazards, Fire Insurance, 226
 Headings, 23
 Hectograph, 54
 High Bailiff, County Court, 295
 High Seas, 559
 Holder in Due Course, 190
 Hong, 559
 Honour Policy, 415
 Horizontal Filing, 52
 Hypothecation, 516, 559

IMPLIED Warranties, 417
 Import Duties, 378
 Imports against Orders, 372
 — and Exports, 321
 — on Consignment, 370
 Imprest System, 7
 Indebtedness, Balance of, 323
 Indent, 486
 — Form, 487
 Indexing, 3, 39, 46
 Industrial Stocks, 264
 Inherent Defect, 437
 Inland Bill of Exchange, 183
 — Letter Post, 20
 — Money Order, 19
 Insolvency, 280
 Institute Collision Clause, 460
 — Time Clause, 459
 — Voyage Clause, 459
 — Warranties, 421
 Instructions for Execution, 315
 Insurable Interest, 225, 424
 Insurance, Accident, 229
 —, Bad Debt, 245
 —, Burglary, 244
 —, Fire, 224
 —, Guarantee, 244
 —, Joint-Life, 218
 —, Marine, 409, 509

Insurance, Motor-Car, 241
 —, Personal Accident, 235
 —, Plate Glass, 245
 —, Third Party Indemnity, 240
 Interest, 208
 —, Insurable, 225
 — on Current Accounts, 519
 Interim Dividend, 559
 Internal Hazards, 226
 International Trade, 321
 Intrinsic Value, 559
 Invoices, 11, 18, 117
 —, Checking of, 120
 —, Consular, 507
 —, Shipping, 512
 Inward Correspondence, 1, 28
 I.O.U., 204
 Irish Railways, 131
 — Canals, 137
 Irredeemable Debentures, 74
 Issue Department, 352

JETSAM, 559
 Jettison, 409, 439, 559
 Jobbers, 253
 "Jobber's Turn," 254
 Joint-Life Insurance, 218
 Joint-Stock Banks, 167
 — Companies, 71
 Journal, Board of Trade, 337
 Judge, County Court, 294
 Judgment Form, 309
 —, Methods of Enforcing, 314
 — Summons, 316

KEYING of Advertisements, 60

LAC, 544, 559
 Lame Duck, 559
 Land Waiter, 559
 Landing Account, 378
 Latin Union, 360, 539, 549
 Lay Days, 402, 560
 Leasehold Redemption Assurance,
 218
 Legality of Trade, 420
 Letter Book, 2
 — of Allotment, 76
 — of Credit, 560
 — of Hypothecation, 516
 — of Introduction, 560
 — Rates, 20
 — Writing, 23
 Letters of Counterpart, 439
 — of Mart, 439
 Legal Tender, 158
 Liability on Bill of Exchange, 188

INDEX

Lien, 109
 —, Bankers', 560
 —, Maritime, 560
 Life Assurance, 207
 ——— Premiums, 209
 Limited Liability Companies, 72
 — Partnerships, 70
 Liner, 406
 Lithography, 56
 Lloyd's, 411
 — Bonds, 560
 — Policy, 426
 Local Carrier, 150
 Loco, 106
 — Invoice, 513
 Locum Tenens, 560
 Locus Sigilli, 560
 London Chamber of Commerce, 341
 Lost Bill of Exchange, 189
 "Lost or Not Lost," 428

 MAKING up Packages, 494
 Manager, 90
 Manchester Ship Canal, 135
 Manifest, 402
 Marine Insurance, 409
 ——— Act, 412
 Marked Cheques, 561
 Market Report, 35
 Markets, 81, 257, 370
 Marking of Packages, 495
 Married Woman Bankrupt, 282
 Master Porter, 376
 Mate's Receipt, 561
 Measurement Goods, 561
 Mediterranean Route, 478
 Meetings, Company, 76
 —, Creditors of Insolvent Debtor,
 281, 287
 Memorandum of Association, 73
 —, Marine Insurance, 443
 Merchant, 484
 Merchant's Account Sales, 372
 Methodical Handling of Correspond-
 ence, 27
 Metric System, 523
 Middle Price, 561
 Milling, 561
 Mimeograph, 55
 Mining Shares, 266
 Mint Par of Exchange, 360
 Minute Book, 561
 ———, Company, 76
 Misrepresentation, 424
 Missing Vessel, 447
 Money, 154, 162
 — Market, 347
 — Order, 19, 20
 Moneys of the World, 538

Mortality Table, 207
 Mortgage Debentures, 74
 Most-Favoured-Nation Clause, 326
 Motor-Car Insurance, 241
 Multiple Telegrams, 561
 Mutual Life Insurance Company,
 214

 NAME Day, Stock Exchange, 275
 Negligence (Insurance), 240
 Negotiability, 180
 Net Cash, 105
 Nisi Prius, 561
 Nominal Capital, 74
 — Consideration, 561
 North Atlantic Route, 476
 Notary Public, 561
 Note Issue of Banks, 350
 Notes Issued (Bank Return), 353
 Notice to produce Documents, 311
 Noting a Bill, 193, 199
 — Ticket, 194
 "Not Negotiable," 180
 Novation, 561
 N/S, 177
 Numeric Filing, 44

 OCEAN Trade Routes, 476
 Office Tickler, 48
 Official Export List, 504
 — Receiver, 288
 One-Man Company, 561
 Open Cover, 416
 — Policy, 416, 511
 Opening Business, 87
 Option Prices, 274
 Options, 85, 273
 Order, 8
 — Cheques, 174
 — Form, 10
 Ordinary Shares, 75
 — Summons, 297, 302
 Outgoing Correspondence, 1
 Outside Brokers, 255
 Over-Entry Certificate, 380

 PACIFIC Routes, 480
 P.A. Claim, 451, 453
 Packing Goods, 494
 Paper Currency, 154
 Paragraphing, 23
 Parcel Delivery Companies, 149
 — Post, 20
 Parcels, Classification of, 141
 Pari Passu, 561
 Parity, 360, 562
 Participating Shares, 75
 Particular Average, 443, 450
 Partner, Active, 69

INDEX

- Partnership, 67
 - Act, 67
 - , Articles of, 67
 - , Dissolution of, 68, 70
 - , Limited, 70
 - , Stock Exchange, 251
- Partner, Sleeping, 69
- Pass Book, 171
- Passport, 562
- Pattern, Sale by, 105
- Paying-in Book, 169
- Payment of Accounts, 104
- Perils of the Seas, 436
- Personal Accident Insurance, 235
- Petition, Bankruptcy, 285
- Petty Cash Book, 5, 6, 7
- Pickings Claim, 452
- Plain Language Telegrams, 464
- Plaintiff, 312
- Plaint Note, 302, 306
- Plate-Glass Insurance, 245
- Pleonasm, 38
- Policy, Accident, 236
 - , Fire, 224
 - , Marine Insurance, 414, 425, 511
 - Values, Life Insurance, 212
- Pools, 84
- Port of London Authority, 341
- Postage Book, 4
- Postal Orders, 20
 - Rates, 20
- Post-dated Bill, 186
 - Cheque, 174
- Post Entry, 380
 - Obit Bond, 562
 - Office Savings Bank, 166
- Postscriptum, 23
- Power of Attorney, 562
- P.P.I. Policy, 415
- Præcipe, 297, 304
- Précis Writing, 37
- Preference Shares, 74
- Premiums, Life Insurance, 209
 - , Marine Insurance, 442
- Preparation of Correspondence, 25
- Presentment of Bill, 189
- Press Copying, 2, 54
- Price List, 7, 99, 101
 - of Goods, 106
- Prices, Calculation of, 484
 - Current, 8, 101
- Primage, 503
- Prime Entry, 378
- Principal and Agent, 80
- Printer's Contract, 493
- Private Arrangement, 280, 562
 - Codes, 467
 - Company, 72
 - House Insurance, 225
- Proceedings, Bankruptcy, 283
 - , County Court, 295
- Pro Forma Invoice, 117
- Prohibited Goods, 395
- Promissory Notes, 201
 - , Stamp Duties, 203
- Prompt Cash, 104
 - Ship, 406
- Proof of Debts, Bankruptcy, 286
- Proof Reading, 62, 65
- Proposal Form, Accident Insurance, 238
 - , Fire Insurance, 227
 - , Life Insurance, 220
- Proprietary Life Insurance Co., 214
- Prospectus, 75
- Protective Tariffs, 326
- Protest, 447
- Protesting a Bill, 200
- Provisional Note, 510
- Proxy, 562
- Public Company, 73
- Public Examination, Bankruptcy, 288
- Purchases, 98
- Put Option, 273
- Pyx, 562
- QUALIFIED Acceptance, 187
- Quality of Goods, 105
- Quorum, 562
- Quotations, 99, 101
- RACKING, 562
- Railway Classification of Goods, 143
 - Rates for Goods, 145
- Railways, 127, 139
 - , Continental, 473
- Rates of Exchange, 360
 - , Freight, 502
- Rebate, 562
 - , Deferred, 508
- Receipt, 21
 - for Goods Shipped, 499
- Receiver, Official, 288
- Receiving Order, 285
- Records of Purchases and Sales, 110
- Recovery of Debts, 294
- Redeemable Debentures, 74
- Red Interest, 520
- "Referee in case of need," 201
- "Refer to Drawer," 177
- Registrar, County Court, 295
- Registration of Business Names, 78
 - of Company, 73
- Re-Insurance, 562
- Remedy Allowance, 158
- Reply Coupons, 20
- Reports, Drawing up, 32
- Representations, 422

INDEX

- Requisites of Good Correspondence, 23
- Re-Sale, 109
- Reserve, Gold, 354
 - Liability, 563.
- Respondentia, 563
- "Rest," Bank Return, 353
- Restraint, 440
- Restrictive Endorsement, 191
 - Theory, 563
- Returned Goods, 396
- Rig, 563
- Ring, 563
- Risk, Marine Insurance, 413
- Rotary Copier, 2
- Routes, Commercial, 473
- Royalty, 563
- Rubber Shares, 268
- Rules, Stock Exchange, 248
- Rummaging, 563
- Running Days, 563
 - Down Clause, 460
- SALE of Goods Act, 108
- Sales, 98
- Salvage Charges, 455
- Samples, 141
- Sample, Sale by, 105
- Sampling, 484
- Savings Banks, 165
- Scottish Canals, 137
 - Railways, 130
- Scrip, 563
- Seaworthiness, 417
- Secret Rebate, 509
- Secured Creditors, 282, 288
- Seigniorage, 563
- Set of Bills, 195, 500
- Settlement Days, Stock Exchange, 275
- Settling Room Clerk, Stock Exchange, 252
- Seven-Day Bills, 354
- Share Capital, 74
 - Register, 76
- Shares, Allotment of, 76
 - , Deferred, 75
 - , Founders', 75
 - , Ordinary, 75
 - , Preference, 74
- Share Transfer, 271
- Ship Canals, 481
- Shipment, 108
 - Date, 493
- Shipper's Instructions, 497
- Shipping Goods, 483
 - Invoices, 512
 - Note, 499
 - Rings, 508
- Ship's Articles, 399
 - Husband, 563
 - Log, 399
 - Papers, 399
 - Protest, 564
 - Report, 398
- Shut for Dividend, 564
- Signing Cheques, 177
- Sinking Fund Assurance, 218
- Sleeping Partner, 69
- Sliding Scale, 564
- Slinging, 564
- Slip, 413
- Sold Note, Broker's, 99
- South African Trunk Route, 479
 - American Trunk Route, 479
- Special Average Clause, 450
 - Crossings, 179
- Specie, 162
- Specification of Goods Exported, 501
- Specific Duties, 378
- Spot Ship, 406
- Staff, Engagement of, 89
- Stagging, 276
- Stamp Duties, Bills of Exchange, 188, 197
 - , Promissory Notes, 203
 - , Share Transfers, 257
- Statement in lieu of Prospectus, 75
 - of Affairs, 285
- Statements, 12, 13, 14, 120
- Status Enquiries, 489
 - Enquiry Form, 93
- Statutory Meeting, 76
- Steamer Goods Advice, 497
- Steamship Routes, 477
- Stencil Copying, 55
- Stevedores, 564
- Stock Exchange, 81, 247
 - — Abbreviations, 276
 - — Advertising, 253
 - — Brokers, 253
 - — Clerks, 251
 - — Jobbers, 253
 - — Partnerships, 251
 - — Rules, 248
- Stocktaking Statement, 122
- Stoppage *in transitu*, 109, 564
- Stowage of Goods, 430
- Stranding of Vessel, 445
- Sub-contracting, 234
- Subject Index, 46
- Submarine Cables, 471
- Subpoena, 311, 564
- Subscribed Capital, 74
- Subsidies, 327
- Substance of Letters, 24
- Sue and Labour Clause, 440
- Summary Administration, 290

INDEX

Summary Sheet, 183
 Summons, County Court, 297
 Surrender Value, 217
 Surveyor, Marine Insurance, 451
 Suspension of the Bank Act, 355
 Sweating of Coins, 159
 — of Goods, 437

 TABLE A, 73
 Tale Quale, 564
 Talon, 564
 Tape Prices, 564
 Tariffs, 325
 —, Protective, 326
 Tautology, 38
 Telegrams, 16, 20, 36, 464
 —, Foreign, 464
 Telegram Writing, 36
 Telegraph Code, 465
 — Form, 16
 Telegraphic Transfers, 367, 564
 Telegraphing, 464
 Tenders, 10, 102
 Termination of Banker's Authority, 178
 Term Insurance, 218
 Terms and Abbreviations, 550
 —, Shipping, 406
 Third Party Indemnity Insurance, 240
 Ticket Day, Stock Exchange, 275
 —, Noting, 194
 Time Charter, 399
 — Clause, Institute, 459
 — Policy, 415
 Token Money, 159
 Total Loss, 446
 — —, Constructive, 448
 Trade Commissioners, 338
 — Correspondents, 333
 — Enquiry Offices, 334
 —, International, 321
 — Risks, Insurance, 223
 Tramways, 150
 Transfer of Shares, 257
 —, Share, 271
 Transshipment Delivery Order, 390
 — Entry, 383
 Treasury Bills, 564

Trial before Judge, 313
 —, County Court, 312
 Trinity House, 332, 565
 Truck, 565
 Trusts, 82

 ULLAGE, 565
 Underwriter, 413, 422, *et seq.*
 Unfavourable Rates of Exchange, 364
 Unlimited Liability Company, 72
 Unpaid Bills of Exchange, 193
 — Cheques, 177
 Unvalued Policy, 416
 Usance, 360

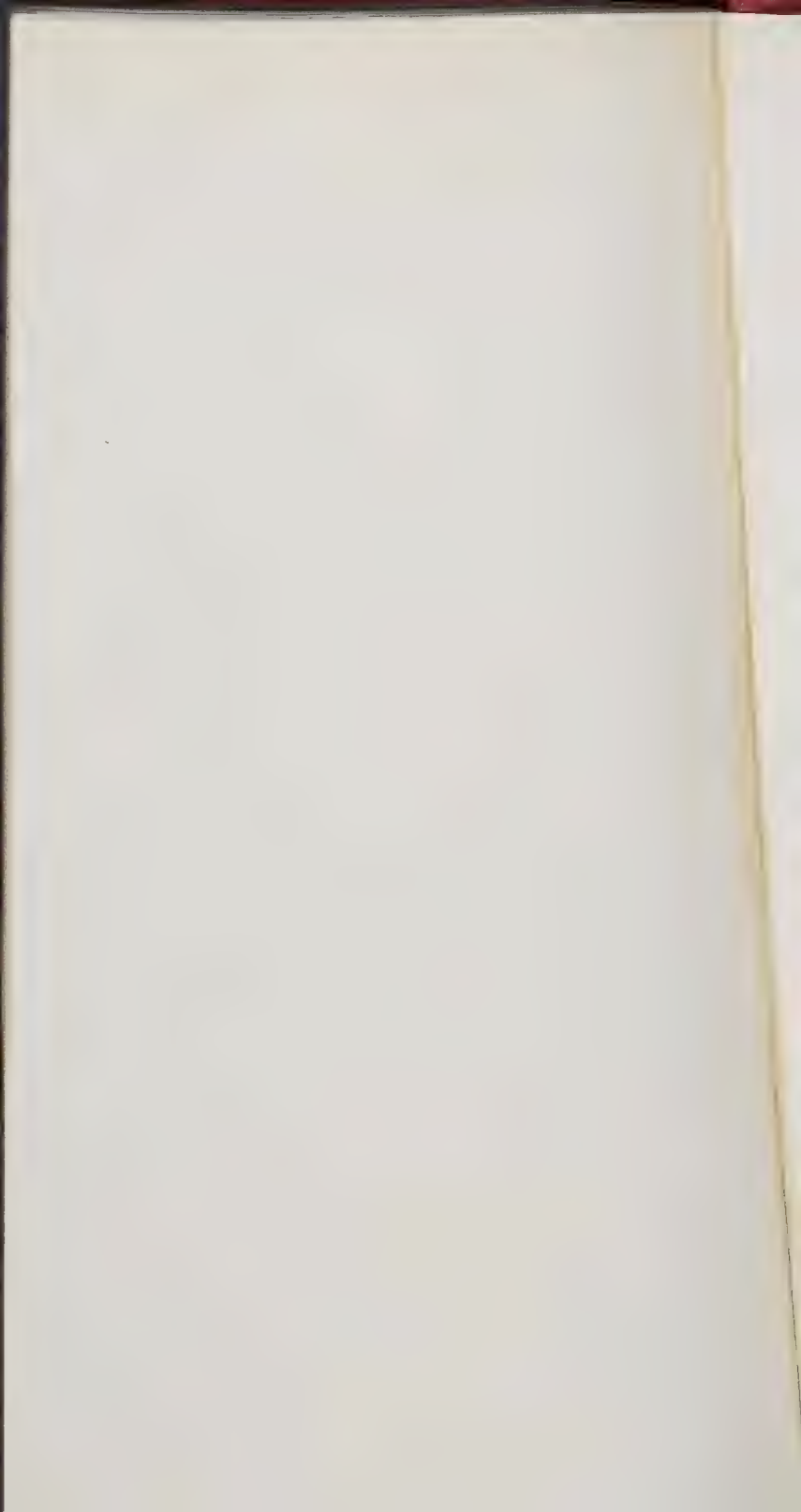
 VALUATION Clause, 449
 —, Life Insurance Co., 214
 Vatting, 565
 Vertical Filing, 43, 44
 Vice Proper, 437
 Victualling Bill, 399, 401
 Vowel Indexing, 3
 Voyage, Change of, 419
 — Charter, 399
 — Clause, Institute, 459
 — Policy, 415, 511

 WAGER Policy, 415
 Waiver Clause, 441
 Wall Street, 565
 W.A. Policy, 450
 Warehousing Entry, 383
 Warranties, Marine Insurance, 417
 Warrant, 108
 Water Carriage, 149
 Watering Stock, 565
 Weighing of Imported Goods, 377
 Weight Note, 374, 377
 Weights and Measures, 530
 Whole Life Insurance, 217
 Winding Up, 565
 Witnesses' Expenses, County Court, [313]
 Working Capital, 74
 Workman, Definition of, 231
 Workmen's Compensation Acts, 231
 — Insurance, 229

 YORK-ANTWERP Rules, 455







PITMAN'S BUSINESS HANDBOOKS

AN ABRIDGED LIST OF PRACTICAL GUIDES FOR
:: BUSINESS MEN AND ADVANCED STUDENTS ::

COMPLETE LIST OF COMMERCIAL BOOKS POST FREE ON APPLICATION

CONTENTS

	PAGE		PAGE
BOOK-KEEPING AND ACCOUNTS	1	SECRETARIAL WORK	4
BUSINESS TRAINING	2	INCOME TAX	5
INSURANCE	2	ECONOMICS	6
ORGANISATION AND MANAGEMENT	2	ADVERTISING AND SALESMANSHIP	6
STOCK EXCHANGE	3	LAW	7
SHIPPING	3	BUSINESS REFERENCE BOOKS	8
BANKING AND FINANCE	4		

BOOK-KEEPING AND ACCOUNTS

ADVANCED ACCOUNTS. A Manual of Advanced Book-keeping and Accountancy for Accountants, Book-keepers and Business Men. Edited by ROGER N. CARTER, M.Com., F.C.A., *Lecturer on Accounting at the University of Manchester.* In demy 8vo, cloth gilt, 988 pp., 7s. 6d. net.

AUDITING, ACCOUNTING AND BANKING. By FRANK DOWLER, A.C.A. and E. MARDINOR HARRIS, *Associate of the Institute of Bankers.* In demy 8vo, cloth gilt, 328 pp., 5s. net.

THE PRINCIPLES OF AUDITING. A Practical Manual for Advanced Students and Practitioners. By F. R. M. DE PAULA (*of the firm of De Paula, Turner, Lake & Co.*); *Fellow of the Institute of Chartered Accountants; Lecturer to the Chartered Accountant Students' Society of London.* In demy 8vo, cloth gilt, 224 pp., 5s. net.

ACCOUNTANCY. By F. W. PIXLEY, F.C.A., *of the Middle Temple, Barrister-at-Law, Ex-President of the Institute of Chartered Accountants.* In demy 8vo, cloth gilt, 318 pp., 5s. net.

COST ACCOUNTS in Principle and Practice. By A. CLIFFORD RIDGWAY, A.C.A. In demy 8vo, cloth gilt, with 40 specially prepared forms, 5s. net.

COMPANY ACCOUNTS. By ARTHUR COLES, F.C.I.S. With a Preface by CHARLES COMINS, F.G.A. In demy 8vo, cloth gilt, 320 pp., 7s. 6d. net.

MANUFACTURING BOOK-KEEPING AND COSTS. By GEORGE JOHNSON F.C.I.S. In demy 8vo, cloth gilt, 120 pp., 3s. 6d. net.

GOLD MINE ACCOUNTS AND COSTING. A Practical Manual for Officials, Accountants, Book-keepers, etc. By G. W. TAIT (*of the South African staff of a leading group of mines*). In demy 8vo, cloth gilt, 93 pp., 5s. net.

THE ACCOUNTS OF EXECUTORS, ADMINISTRATORS AND TRUSTEES. With a Summary of the Law in so far as it relates to Accounts. By WILLIAM B. PHILLIPS, A.C.A. (Hons. Inter. and Final), A.C.I.S. In demy 8vo, cloth gilt, 150 pp., 5s. net.

- PRACTICAL BOOK-KEEPING.** By GEO. JOHNSON, F.C.I.S. In crown 8vo, cloth, 420 pp., 5s. net.
- RAILWAY ACCOUNTS AND FINANCE.** Railway Companies (Accounts and Returns) Act, 1911. By ALLEN E. NEWHOOK, A.K.C., *Chief Accountant to the London and South-Western Railway Company.* In demy 8vo, cloth gilt, 148 pp., 5s. net.
- PERSONAL ACCOUNTS.** By W. G. DOWSLEY, B.A., *Lecturer in Book-keeping on the Modern Side, St. Andrew's College, Grahamstown.* Size 15½ in. by 9½ in., half leather, 106 pp., with interleaved blotting-paper 6s. 6d. net.
- FARM ACCOUNTS.** By the same Author. Size 15½ in. by 9½ in., half leather, 106 pp., interleaved blotting-paper, 6s. 6d. net.
- DEPRECIATION AND WASTING ASSETS,** dealing with their treatment in computing annual profit and loss. By P. D. LEAKE, *Fellow of the Institute of Chartered Accountants.* In demy 8vo, cloth gilt, 257 pp. 10s. 6d. net.

BUSINESS TRAINING

- LECTURES ON BRITISH COMMERCE,** including Finance, Insurance, Business and Industry. By the RT. HON. FREDERICK HUTH JACKSON, G. ARMITAGE-SMITH, M.A., D.Lit., ROBERT BRUCE, C.B., SIR DOUGLAS OWEN, W. E. BARLING, J. J. BISGOOD, B.A., ALLAN GREENWELL, F.G.S., JAMES GRAHAM. With a Preface by the HON. W. PEMBER REEVES. In demy 8vo, cloth gilt, 295 pp., 7s. 6d. net.
- THE THEORY AND PRACTICE OF COMMERCE.** Being a Complete Guide to Methods and Machinery of Business. Edited by F. HEELIS, F.C.I.S., *Examiner in Business Training to the Lancashire and Cheshire Union of Institutes, etc., etc.* Assisted by Specialist Contributors. In demy 8vo, cloth gilt, 620 pp., with many facsimile forms, 6s. net. Also in 2 vols., each, price 3s. net.
- THE PRINCIPLES AND PRACTICE OF COMMERCE.** By JAMES STEPHENSON, M.A., M.Com., B.Sc., *Head of the Higher Commercial Department, Regent Street Polytechnic, London; Examiner in Commercial English and Business Methods to the Union of Lancashire and Cheshire Institutes.* In demy 8vo, cloth gilt, 650 pp., with many facsimile forms, 6s. net.

INSURANCE

- INSURANCE.** A Practical Exposition for the Student and Business Man. By T. E. YOUNG, B.A., F.R.A.S., *ex-President of the Institute of Actuaries.* With a Practical Section on Workmen's Compensation Insurance, by W. R. STRONG, F.I.A.; and the National Insurance Scheme, by VVYAN MARR, F.F.A., F.I.A. Third Edition, Revised and Enlarged. In demy 8vo, cloth gilt, 440 pp., 7s. 6d. net.
- INSURANCE OFFICE ORGANISATION, MANAGEMENT, AND ACCOUNTS.** By T. E. YOUNG, B.A., F.R.A.S., and RICHARD MASTERS, A.C.A. Second Edition, Revised. In demy 8vo, cloth gilt, 150 pp., 5s. net.

ORGANISATION AND MANAGEMENT

- OFFICE ORGANISATION AND MANAGEMENT.** Including Secretarial Work. By LAWRENCE R. DICKSEE, M.Com., F.C.A., and H. E. BLAIN, *Late Tramways Manager, County Borough of West Ham.* Fourth Edition. In demy 8vo, cloth gilt, 310 pp., 5s. net.

- COUNTING HOUSE AND FACTORY ORGANISATION.** A Practical Manual of Modern Methods applied to the Counting House and Factory. By J. GILMOUR WILLIAMSON. In demy 8vo, cloth gilt, 182 pp., 5s. net.
- FILING SYSTEMS.** Their Principles and their Application to Modern Office Requirements. By EDWARD A. COPE. In crown 8vo, cloth gilt, 200 pp. with illustrations, 2s. 6d. net.
- INDUSTRIAL TRAFFIC MANAGEMENT.** By GEO. B. LISSENDEN, *Author of "Railway (Rebates) Case Law," etc., etc.* With a Foreword by CHARLES E. MUSGRAVE, *Secretary, London Chamber of Commerce.* In demy 8vo, cloth gilt, 260 pp., 7s. 6d. net.
- MUNICIPAL OFFICE ORGANISATION AND MANAGEMENT.** A Comprehensive Manual of Information and Direction on matters connected with the work of Officials of Municipalities. Edited by WILLIAM BATESON, A.C.A., F.S.A.A., *Borough Treasurer for the County Borough of Blackpool.* With contributions by eminent authorities on Municipal Work and Practice. In crown 4to, half-leather gilt, with about 250 diagrams and forms, 503 pp., 25s. net.
- CLUBS AND THEIR MANAGEMENT.** By FRANCIS W. PINLEY, F.C.A., *of the Middle Temple, Barrister-at-Law.* In demy 8vo, cloth gilt, 240 pp., 7s. 6d. net.
- SOLICITOR'S OFFICE ORGANISATION, MANAGEMENT, AND ACCOUNTS.** By E. A. COPE and H. W. H. ROBINS. In demy 8vo, cloth gilt, 176 pp., with numerous forms, 5s. net.
- COLLERY OFFICE ORGANISATION AND ACCOUNTS.** By J. W. INNES, F.C.A. (Swithinbank Innes & Co., Chartered Accountants), and T. COLIN CAMPBELL, F.C.I. In demy 8vo, cloth gilt, 140 pp., 5s. net.
- GROCERY BUSINESS ORGANISATION AND MANAGEMENT.** By C. L. T. BEECHING, *Organising Secretary of the Institute of Certificated Grocers.* With Chapters on Buying a Business, Grocers' Office Work and Book-keeping, and a Model set of Grocers' Accounts. By J. ARTHUR SMART. In demy 8vo, cloth gilt, about 160 pp., with illustrations, 5s. net.
- DRAPERY BUSINESS ORGANISATION AND MANAGEMENT.** By J. ERNEST BAYLEY. In demy 8vo, cloth gilt, 300 pp., 5s. net.
- STOCKBROKER'S OFFICE ORGANISATION, MANAGEMENT AND ACCOUNTS** (*see below*).
- SHIPPING OFFICE ORGANISATION, MANAGEMENT, AND ACCOUNTS** (*see below*).
- BANK ORGANISATION, MANAGEMENT AND ACCOUNTS** (p. 4).
- INSURANCE OFFICE ORGANISATION** (p. 2).

STOCK EXCHANGE

- STOCKBROKER'S OFFICE ORGANISATION, MANAGEMENT AND ACCOUNTS.** By JULIUS E. DAY, *Manager to an inside Firm of Stockbrokers on the London Stock Exchange.* In demy 8vo, cloth gilt, 243 pp., 7s. 6d. net.
- THE HISTORY, LAW, AND PRACTICE OF THE STOCK EXCHANGE.** By A. P. POLEY, B.A., *of the Inner Temple and Midland Circuit, Barrister-at-Law*; and F. H. CARRUTHERS GOULD, *of the Stock Exchange.* Second Edition revised and brought up to date. In demy 8vo, cloth gilt, 348 pp., 6s. net.

SHIPPING

- SHIPPING OFFICE ORGANISATION, MANAGEMENT, AND ACCOUNTS.** A comprehensive Guide to the innumerable details connected with the Shipping Trade. By ALFRED CALVERT. In demy 8vo, cloth gilt, 203 pp., with numerous forms, 6s. net.

- THE EXPORTER'S HANDBOOK AND GLOSSARY.** By F. M. DUDENEY.
Foreword by W. EGLINGTON, *Founder and Editor of "The British Export Gazette."* In demy 8vo, cloth gilt, 254 pp. 5s. net.
- THE PRINCIPLES OF MARINE LAW.** (See p. 7.)
- CASE AND FREIGHT COSTS.** The Principles of Calculation relating to the Cost of, and Freight on, Sea or Commercial Cases. By A. W. E. CROSFILL.
In crown 8vo, cloth, 62 pp., 1s. 3d. net.

BANKING AND FINANCE

- MONEY, EXCHANGE AND BANKING,** in their Practical, Theoretical, and Legal Aspects. A complete Manual for Bank Officials, Business Men, and Students of Commerce. By H. T. EASTON, *Associate of the Institute of Bankers.* Second Edition, Revised. In demy 8vo, cloth gilt 312 pp., 5s. net.
- FOREIGN EXCHANGE AND FOREIGN BILLS IN THEORY AND IN PRACTICE.** By W. F. SPALDING, *Certificated Associate, Institute of Bankers; Fellow of the Royal Economic Society; Lecturer on Foreign Exchange at the City of London College; Author of "Foreign and Colonial Banking Appointments."* In demy 8vo, cloth gilt, 227 pp., 6s. net.
- EASTERN EXCHANGE, CURRENCY AND FINANCE.** By the same Author.
In demy 8vo, cloth, 375 pp., with 1 coloured and 6 black-and-white full-page plates. 12s. 6d. net.
- PRACTICAL BANKING.** By J. F. G. BAGSHAW, *Member of the Institute of Bankers.* With chapters on "The Principles of Currency," by C. F. HANNAFORD, *Associate of the Institute of Bankers,* and "Bank Book-keeping," by W. H. PEARD, *Member of the Institute of Bankers in Ireland.* In demy 8vo, cloth gilt, 400 pp., 5s. net.
- BANK ORGANISATION, MANAGEMENT, AND ACCOUNTS.** By J. F. DAVIS, D.Lit., M.A., LL.B. (Lond.), *Lecturer on Banking and Finance at the City of London College.* In demy 8vo, cloth gilt, 165 pp., 5s. net.
- BILLS, CHEQUES, AND NOTES.** A Handbook for Business Men and Lawyers. Together with the Bills of Exchange Act, 1882, and the Amending Act, Bills of Exchange (Crossed Cheques) Act, 1906. By J. A. SLATER, B.A., LL.B. (Lond.), *of the Middle Temple, and the North Eastern Circuit, Barrister-at-Law; author of "Mercantile Law," etc.* Second Edition, revised and enlarged. In demy 8vo, cloth gilt, 214 pp., 5s. net.
- BANKERS' SECURITIES AGAINST ADVANCES.** By LAWRENCE A. FOGG, *Certificated Associate of the Institute of Bankers.* In demy 8vo, cloth gilt, 120 pp. 5s. net.
- THE EVOLUTION OF THE MONEY MARKET (1385-1915).** An Historical and Analytical Study of the Rise and Development of Finance as a Centralised, Co-ordinated Force. By ELLIS T. POWELL, LL.B. (Lond.), D.Sc. (Econ., Lond.); *of the Inner Temple, Barrister-at-Law.* In demy 8vo, cloth gilt, 748 pp. 10s. 6d. net.

SECRETARIAL WORK

- THE COMPANY SECRETARY'S VADE MECUM.** Edited by PHILIP TOVEY, F.C.I.S. Second Edition, enlarged and revised. In foolscap 8vo, cloth, 247 pp., 2s. net.
- SECRETARY'S HANDBOOK.** A Practical Guide to the Work and Duties in connection with the Position of Secretary to a Member of Parliament, a Country Gentleman with a landed estate, a Charitable Institution, with

a section devoted to the work of a Lady Secretary and a chapter dealing with Secretarial work in general. Edited by H. E. BLAIN. In demy 8vo, cloth gilt, 168 pp., 5s. net.

GUIDE FOR THE COMPANY SECRETARY. A Practical Manual and Work of Reference for the Company Secretary. By ARTHUR COLES, F.C.I.S. Second Edition, Enlarged and thoroughly Revised. In demy 8vo, cloth gilt, 432 pp., with 75 facsimile forms, and the full text of the Companies Acts, 1908 and 1913, and the Companies Clauses Act, 1845, 5s. net.

COMPANY ACCOUNTS. By the same Author. (See p. 1.)

DICTIONARY OF SECRETARIAL LAW AND PRACTICE. A Comprehensive Encyclopaedia of Information and Direction on all matters connected with the work of a Company Secretary. Fully illustrated with the necessary forms and documents. With Sections on special branches of Secretarial Work. Edited by PHILIP TOVEY, F.C.I.S. With contributions by nearly 40 eminent authorities on Company Law and Secretarial Practice, including: The Rt. Hon. G. N. Barnes, M.P.; F. Gore-Browne, K.C., M.A.; A. Crew, F.C.I.S.; J. P. Earnshaw, F.C.I.S.; M. Webster Jenkinson, F.C.A.; F. W. Pixley, F.C.A. Second Edition, enlarged and revised. In one handsome volume, half leather gilt, gilt top, 940 pp., 35s. net.

THE TRANSFER OF STOCKS, SHARES, AND OTHER MARKETABLE SECURITIES. A Manual of the Law and Practice. By F. D. HEAD, B.A. (Oxon.), *Late Classical Exhibitioner of Queen's College, of Lincoln's Inn, Barrister-at-Law.* Second Edition, Revised and Enlarged. In demy 8vo, cloth gilt, 220 pp., 5s. net.

THE CHAIRMAN'S MANUAL. Being a guide to the management of meetings in general, and of meetings of local authorities, with separate and complete treatment of the meetings of public companies. By GURDON PALIN, of *Gray's Inn, Barrister-at-Law*, and ERNEST MARTIN, F.C.I.S. In crown 8vo, cloth gilt, 192 pp., 3s. 6d. net.

HOW TO TAKE MINUTES. A Guide for Secretaries and others to the correct method of taking and recording the Minutes of Meetings of Directors, Shareholders, etc., etc. Edited by ERNEST MARTIN, F.C.I.S., *Author of "Secretarial Work," etc.* In demy 8vo, cloth gilt, 130 pp., 2s. 6d. net.

WHAT IS THE VALUE OF A SHARE? Tables for readily and correctly ascertaining (1) the present value of shares; and (2) what dividends should be paid annually to justify the purchase or market price of shares. By D. W. ROSSITER, *Head of the Intelligence Department of the Consolidated Gold Fields of South Africa, Ltd.* In demy 8vo, limp cloth, 20 pp., 2s. 6d. net.

INCOME TAX

INCOME TAX AND SUPER-TAX PRACTICE. Including a Dictionary of Income Tax and Specimen Returns, showing the effects of recent enactments down to the Finance Act, 1917. By W. E. SNELLING, of the *Inland Revenue Department.* In demy 8vo, cloth gilt, 450 pp., 12s. 6d. net.

INCOME TAX AND SUPER-TAX LAW AND CASES, including the Finance Act, 1917. A Practical Exposition of the Law, for the use of Income Tax Officials, Solicitors, Accountants, etc. With an Analysis of the Schedules, Guide to Income Tax Law, and Notes on Land Tax. Third Edition, Revised. By W. E. SNELLING. In demy 8vo, cloth gilt, 432 pp., 12s. 6d. net.

COAL MINES EXCESS PAYMENTS, Guarantee Payments and Levies for Closed Mines. This book deals with the Agreement entered into between the Coal Controller and the colliery owners. By W. E. SNELLING. Demy 8vo, cloth gilt, 176 pp., 12s. 6d. net.

EXCESS PROFITS (Including Excess Mineral Rights) DUTY, and Levies under the Munitions of War Acts. Incorporating the Provisions of the Income Tax Acts made applicable by Statute and by Regulation, also the Regulations of the Commissioners of Inland Revenue, and of the Minister of Munitions. By W. E. SNELLING. Third Edition, Revised and Enlarged. In demy 8vo, cloth gilt, 262 pp. 12s. 6d. net.

ECONOMICS

- ECONOMIC GEOGRAPHY.** By J. MCFARLANE, M.A., M.Com., *Lecturer in Geography in the University of Manchester.* In demy 8vo, cloth gilt, 568 pp., with 18 illustrations, 7s. 6d. net.
- OUTLINES OF THE ECONOMIC HISTORY OF ENGLAND.** A Study in Social Development. By H. O. MEREDITH, M.A., M.Com., *Fellow of King's College, Cambridge; Professor of Economics, Queen's University, Belfast.* In demy 8vo, cloth gilt, 376 pp., 5s. net.
- THE HISTORY AND ECONOMICS OF TRANSPORT.** By ADAM W. KIRKALDY, M.A., B.Litt., Oxford; M.Com., Birmingham; *Professor of Finance in the University of Birmingham;* and ALFRED DUDLEY EVANS, *Secretary of the Birmingham Exchange.* In demy 8vo, cloth gilt, 348 pp., 7s. 6d. net.
- THE ECONOMICS OF TELEGRAPHS AND TELEPHONES.** By JOHN LEE, M.A., *Traffic Manager, Post Office Telegraphs.* In crown 8vo, cloth gilt, 92 pp., 2s. 6d. net.
- INDUSTRY AND FINANCE; WAR EXPEDIENTS AND RECONSTRUCTION.** Being the Results of Inquiries arranged by the Section of Economic Science and Statistics of the British Association for the Advancement of Science, during the year 1917. Edited and with a Preface by ADAM W. KIRKALDY, M.A., B.Litt., Oxford; M.Com. Birm., and contributions by other eminent authorities. In demy 8vo, 4s. 6d. net.

ADVERTISING AND SALESMANSHIP

- THE CRAFT OF SILENT SALESMANSHIP.** A Guide to Advertisement Construction. By C. MAXWELL TREGURTHA and J. W. FRINGS. Size, 6½ in. by 9½ in., cloth, 98 pp., with illustrations. 3s. 6d. net.
- ADVERTISING AS A BUSINESS FORCE.** A Compilation of Experience Records. By P. T. CHERINGTON, *Instructor in Commercial Organisation in the Graduate School of Business Administration, Harvard University.* In demy 8vo, cloth gilt, 586 pp., 7s. 6d. net.
- THE PRINCIPLES OF ADVERTISING ARRANGEMENT.** By F. A. PARSONS, *President of the New York School of Fine and Applied Art.* Size 7 in. by 10½ in., cloth, 128 pp., with many illustrations, 6s. net.
- THE NEW BUSINESS.** A Handbook dealing with the Principles of Advertising, Selling, and Marketing. By HARRY TIPPER, *President, Advertising Men's League, New York; Lecturer on Advertising, New York University.* In demy 8vo, cloth gilt, 406 pp., 7s. 6d. net.
- SALESMANSHIP.** By W. A. CORBION and G. E. GRIMSDALE. In crown 8vo, cloth, 186 pp., 2s. 6d. net.
- PRACTICAL SALESMANSHIP.** A treatise on the Art of Selling Goods. By N. C. FOWLER, Jr. Assisted by twenty-nine Expert Salesmen, Sales Managers, and prominent business men. In crown 8vo, cloth, 337 pp., 5s. net.
- COMMERCIAL TRAVELLING.** A Guide to the Profession for present and prospective salesmen "on the road." By ALBERT E. BULL. In crown 8vo, cloth gilt, 174 pp., 2s. 6d. net.

LAW

- MERCANTILE LAW.** By J. A. SLATER, B.A., LL.B. A practical exposition for Law Students, Business Men, and Advanced Classes in Commercial Colleges and Schools. Third Edition, Revised. In demy 8vo, cloth gilt, 464 pp., 5s. net.
- COMPANIES AND COMPANY LAW.** Together with the Companies (Consolidation) Act, 1908, and the Act of 1913. By A. C. CONNELL, LL.B. (Lond.), of the Middle Temple, Barrister-at-Law. Second Edition, Revised. In demy 8vo, cloth gilt, 348 pp., 6s. net.
- COMPANY CASE LAW.** By F. D. HEAD, B.A. (Oxon.), Late Classical Exhibitioner of Queen's College; of Lincoln's Inn, Barrister-at-Law. In demy 8vo, cloth gilt, 314 pp., 7s. 6d. net.
- THE LAW OF CARRIAGE.** By J. E. R. STEPHENS, B.A., of the Middle Temple, Barrister-at-Law. In demy 8vo, cloth gilt, 340 pp., 5s. net.
- THE LAW RELATING TO THE CARRIAGE BY LAND OF PASSENGERS, ANIMALS, AND GOODS.** By S. W. CLARKE, of the Middle Temple and the North Eastern Circuit, Barrister-at-Law. In demy 8vo, cloth gilt, 350 pp., 7s. 6d. net.
- INCOME TAX AND SUPER-TAX LAW AND CASES.** (See p. 5.)
- THE LAW RELATING TO SECRET COMMISSIONS AND BRIBES (CHRISTMAS BOXES, GRATUITIES, TIPS, ETC.); THE PREVENTION OF CORRUPTION ACT, 1906.** By ALBERT CREW, of Gray's Inn, and the South Eastern Circuit, Barrister-at-Law; Lee Prizeman of Gray's Inn. In demy 8vo, cloth gilt, 198 pp., 5s. net.
- BANKRUPTCY, DEEDS OF ARRANGEMENT, AND BILLS OF SALE.** By W. VALENTINE BALL, M.A., and G. MILLS, B.A., both of Lincoln's Inn, Barristers-at-Law. In demy 8vo, cloth gilt, 364 pp., 5s. net. Third Edition, Enlarged and Revised in accordance with the Bankruptcy Act, 1914, and the Deeds of Arrangement Act, 1914.
- PRINCIPLES OF MARINE LAW.** By LAWRENCE DUCKWORTH, of the Middle Temple, Barrister-at-Law. Third Edition, Revised. In demy 8vo, cloth gilt, about 400 pp., 7s. 6d. net.
- GUIDE TO THE LAW OF LICENSING.** The Handbook for all Licence-holders. By J. WELLS THATCHER, Barrister-at-Law. In demy 8vo, cloth gilt, 200 pp., 5s. net.
- RAILWAY (REBATES) CASE LAW.** By GEO. B. LISSENDEN. In demy 8vo, cloth gilt, 450 pp., 10s. 6d. net.
- THE LAW RELATING TO THE CHILD: Its Protection, Education, and Employment.** With Introduction on the Laws of Spain, Germany, France, and Italy; and Bibliography. By ROBERT W. HOLLAND, M.A., M.Sc., LL.D., of the Middle Temple, Barrister-at-Law. In demy 8vo, cloth gilt, 166 pp., 5s. net.
- GUIDE TO THE REGISTRATION OF BUSINESS NAMES ACT.** By KENNETH BROWN, Solicitor. In crown 8vo, paper boards, 1s. net.
- CONVEYANCING.** By E. A. COPE. In crown 8vo, cloth, 206 pp., 3s. 6d. net.
- WILLS, EXECUTORS, AND TRUSTEES.** With a chapter on Intestacy. In foolscap 8vo, cloth, 122 pp., 1s. 6d. net.
- INHABITED HOUSE DUTY.** The complicated laws relating to Inhabited Houses are treated in this volume in a comprehensive manner, and all legal decisions of importance are given. By W. E. SNELLING. In demy 8vo, cloth gilt, 200 pp., 10s. 6d. net.
- THE LAW OF REPAIRS AND DILAPIDATIONS.** By T. CATO WORSFOLD, M.A., LL.D. In crown 8vo, cloth gilt, 104 pp., 3s. 6d. net.

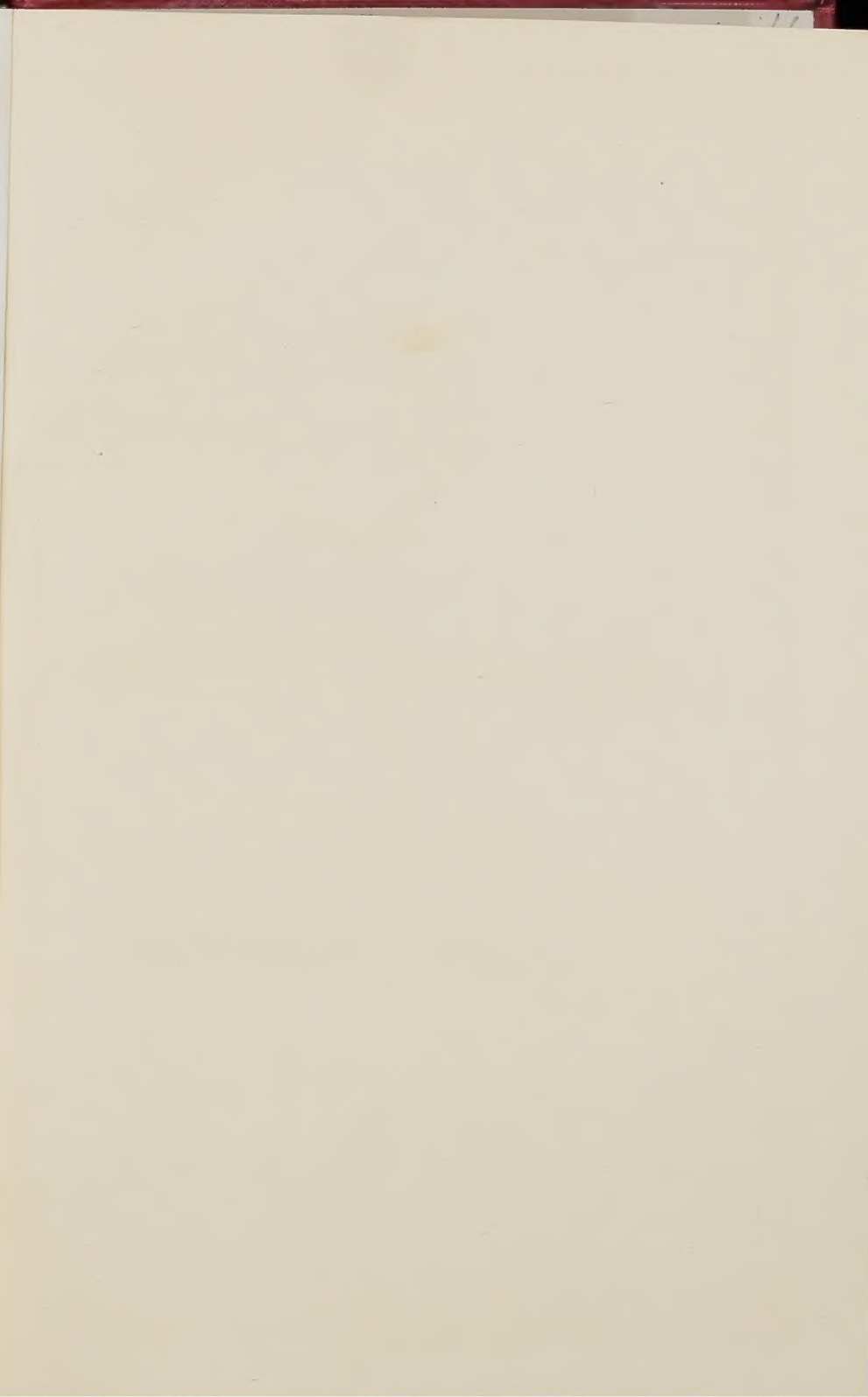
- THE LAW OF EVIDENCE.** By W. NEMBARD HIBBERT, LL.D. (Lond.), *Barrister-at-Law of the Middle Temple*. Second Edition Revised. In crown 8vo, cloth gilt, 144 pp., 5s. net.
- THE LAW OF PROCEDURE.** By the same Author. In demy 8vo, cloth gilt, 122 pp., 5s. net.
- BILLS, CHEQUES, AND NOTES.** (See page 4.)
- THE HISTORY, LAW, AND PRACTICE OF THE STOCK EXCHANGE.** (See page 3.)

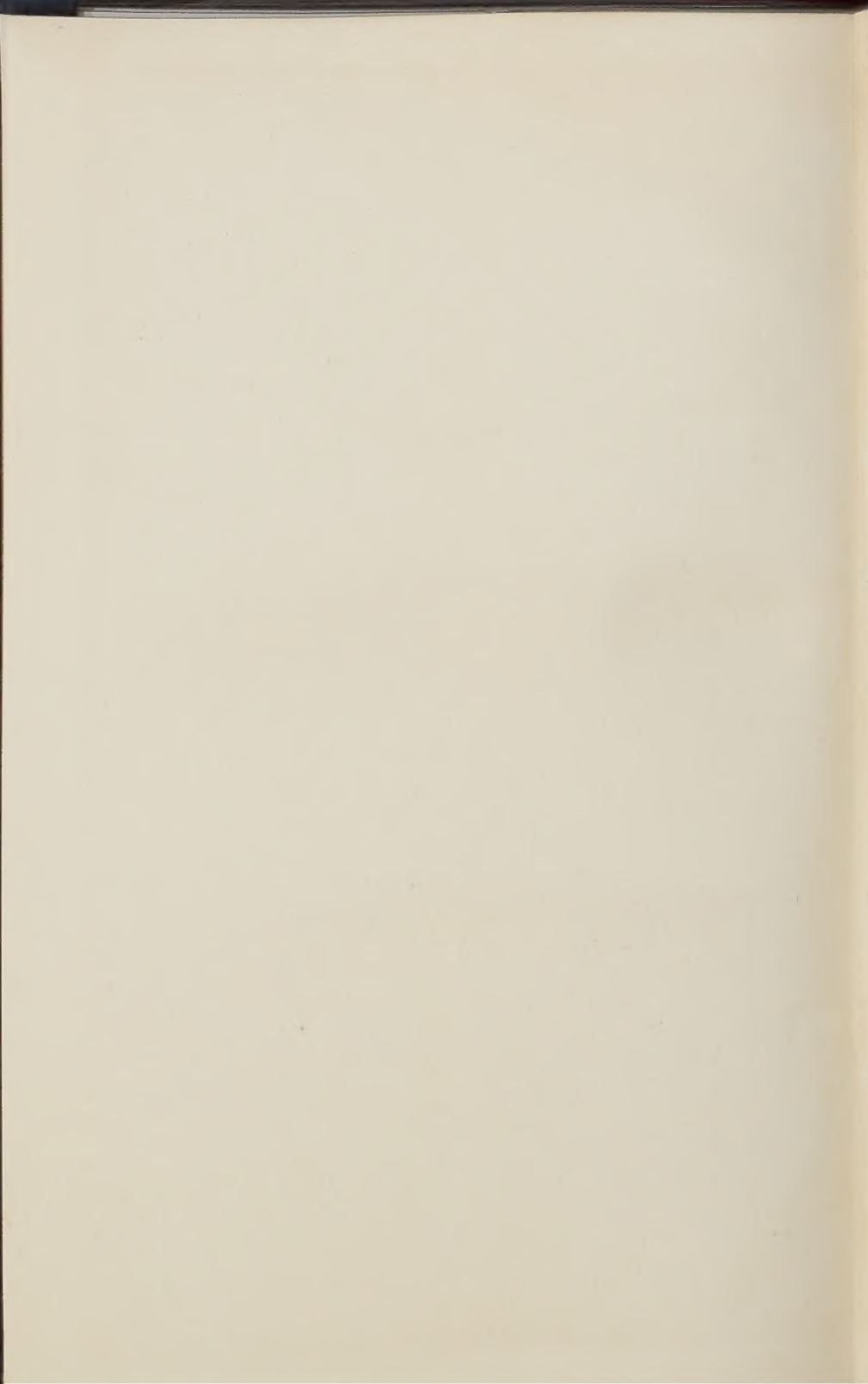
BUSINESS REFERENCE BOOKS

- COMMERCIAL ENCYCLOPAEDIA AND DICTIONARY OF BUSINESS.** A reliable and comprehensive work of reference on all commercial subjects, specially designed and written for the busy merchant, the commercial student, and the modern man of affairs. Edited by J. A. SLATER, B.A., LL.B. (Lond.), *of the Middle Temple and North-Eastern Circuit, Barrister-at-Law*. Assisted by upwards of 50 specialists as contributors. With numerous maps, illustrations, facsimile business forms and legal documents, diagrams, etc. In 4 vols., large crown 4to (each 450 pp.), cloth gilt, £2 net. Half-leather gilt, £2 12s. 6d. net.
- BUSINESS MAN'S GUIDE.** Seventh Revised Edition. With French, German Spanish and Italian equivalents for the Commercial Words and Terms. Edited by J. A. SLATER, B.A., LL.B. (Lond.). The work includes over 2,000 articles. In crown 8vo, cloth, 520 pp., 5s. net.
- PUBLIC MAN'S GUIDE.** A Handbook for all who take an interest in questions of the day. Edited by J. A. SLATER, B.A., LL.B. (Lond.). In crown 8vo, cloth gilt, 444 pp., 3s. 6d. net.
- DICTIONARY OF COMMERCIAL CORRESPONDENCE IN SEVEN LANGUAGES: ENGLISH, FRENCH, GERMAN, SPANISH, ITALIAN, PORTUGUESE AND RUSSIAN.** In demy 8vo, cloth, 502 pp., 7s. 6d. net.
- FILING SYSTEMS: Their Principles and their Application to Modern Office Requirements.** By EDWARD A. COPE. In crown 8vo, cloth gilt, 200 pp., with illustrations, 2s. 6d. net.
- A MANUAL OF DUPLICATING METHODS.** By W. DESBOROUGH. In demy 8vo, cloth, 90 pp., illustrated, 2s. net.
- COMMON COMMODITIES AND INDUSTRIES SERIES.** Each book in crown 8vo, cloth, 2s. 6d. net. Volumes already published on Tea, Coffee, Sugar, Oils, Wheat, Rubber, Iron and Steel, Copper, Coal, Timber, Cotton, Silk, Wool, Linen, Tobacco, Leather, Clays, Paper, Soap, Glass, Gums and Resins, The Motor Industry, Boots and Shoes.

COMPLETE LIST POST FREE ON APPLICATION

Sir Isaac Pitman & Sons, Ltd., 1 Amen Corner, London, E.C. 4
And at Bath, New York and Melbourne





6.5.19 6/-

